

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The loans receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. The loans are recognized when advanced in the government-wide statements. The City's experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

Inventory

The City does not record and maintain inventory records of unused materials and supplies for the various funds. Inventories are considered immaterial and materials and supplies are currently expensed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are offset with a reservation of fund balance for long-term assets to indicate they do not constitute current resources available for appropriation.

Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable, except for donated Capital Assets which are recorded at their estimated fair value at the date of donation. Policy has set the capitalization threshold for reporting at \$5,000 for non-infrastructure capital assets and \$25,000 for infrastructure capital assets.

Government-Wide Statements

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. No depreciation is recorded in the year of acquisition or in the year of disposition.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	5 – 50 years	Landscaping	30 years
Roadway improvements	50 years	Signage	25 years
Sidewalks, curbs, and gutters	50 years	Leasehold improvements	5 years
Storm drain pipes/structures	50 years	Machinery and equipment	3 – 5 years
Traffic signal devices	5 – 40 years	Vehicles	3 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, deferred inflows on the City’s CDBG loans reported in the governmental funds balance sheet.

Compensated Absences

Full time employees accumulate earned vacation, holiday and compensated leave of varying amounts dependent upon length of service with the City. These amounts are deemed fully vested with the employee when earned. The City also provides full time employees with sick leave that generally must be used for sickness and injury-related leave time.

The City does not currently provide post-employment benefits.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Assets, Liabilities, and Equity, Continued

Unearned Revenues

Unearned revenues in governmental funds arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues in enterprise funds and the statement of net position arise when resources are received by the City before it has legal claim to them, (i.e., when grant monies are received prior to the incurrence of qualifying expenses).

Equity Classification

Government-Wide Statements

Equity is classified as net position and is displayed in three components:

- a. *Invested in capital assets, net of related debt* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or bylaws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

Nonspendable Fund Balance –

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Equity Classification, Continued

Fund Financial Statements, continued

Restricted Fund Balance –

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (creditors, grantors, contributors and other governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

Committed Fund Balance –

- Self imposed limitations set in place prior to the end of the period (encumbrances, economic contingencies and uncertainties).
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove.
- Council resolution is required to be taken to establish, modify or rescind a fund balance commitment

Assigned Fund Balance –

- Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance.
- Assigned amounts for a specific purpose are as authorized by the City's Finance Director through its fund balance policy.

Unassigned Fund Balance –

- Residual net resources
- Total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

City of Rio Dell, California
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Revenues, Expenditures, and Expenses

Property Tax

The County of Humboldt (the County) assesses properties, bills for, collects, and distributes property taxes for the City per the following schedule:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	March 1	March 1
Lien/Levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10, April 10	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. Assessed values on properties (exclusive of increases related to sales transactions and improvements) can rise at a maximum of 2% per year. The amount collected by the County is distributed in accordance with State law to the various public agencies. Therefore, the City does not levy a specific tax rate but receives a share of the property tax revenue based on a State formula. The City's tax rate is \$1.00/\$100 of assessed value, the maximum allowable under Proposition 13.

During fiscal year 1993-94, the State passed legislation which permanently shifted an additional amount of property taxes from cities to schools. This amount was partially offset by one-time payments by the State to cities from the State "Transportation Planning and Development" allocation. Also during 1993- 94, an alternate method of property tax allocation (the "Teeter Plan") was adopted. Under this plan, the City receives 100 percent of the secured property tax levied to which it is entitled, whether or not collected.

Unsecured delinquent taxes are considered fully collectible and no allowance for uncollectible taxes is provided. Property tax revenues are recognized when they become available. "Available" means due, or past due, and receivable within the current period and collected or expected to be collected soon enough thereafter to be used to pay liabilities for the current period. This period is 60 days from the end of the fiscal year.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Interfund Transfers

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Budgetary Accounting

The City Council establishes budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The City Manager is authorized to transfer budgeted amounts within a fund without formal council action or approval. The City Manager is authorized to increase expenditures in relation to revenues in funds receiving assigned revenues without approval by the City Council.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2020. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Reclassifications

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

City of Rio Dell, California
Basic Financial Statements
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2. CASH AND INVESTMENTS

Pooled Cash and Investments

The City pools cash from all sources and funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Categorization of Credit Risk of Securities Instruments

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues. In order to maximize security, the City employs the Trust Department of a bank as custodian of all City managed investments, regardless of their form.

At June 30, 2020, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

	Maturities (in years)			Deposits	Fair Market Value
	<1	1 to 3	3 to 5		
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value					
Cash in bank	\$ -	\$ -	\$ -	\$ 2,380,955	\$ 2,380,955
Petty cash	-	-	-	1,250	1,250
Total pooled items	-	-	-	2,382,205	2,382,205
<u>Pooled investments, at fair value</u>					
State of California Local Agency Investment Fund	4,643,025	-	-	-	4,643,025
Total pooled investments - interest obligations	4,643,025	-	-	-	4,643,025
Total cash equivalents and investments pooled	\$ 4,643,025	\$ -	\$ -	\$ 2,382,205	\$ 7,025,230
Amounts reported in:					
Governmental activities					\$ 2,673,276
Business-type activities					4,320,752
Fiduciary activities					31,202
Total					\$ 7,025,230

Investment Type	Fair Value	Maturity (Years)
State of California Local Agency Investment Fund	\$ 4,643,025	-
Total fair value	\$ 4,643,025	
Portfolio weighted average maturity		-

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2. CASH AND INVESTMENTS, *continued*

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit risk – Custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments in LAIF and the fiscal agent money market funds are not evidenced by specific securities and, therefore, are not subject to custodial credit risk.

Concentration of credit risk – The City's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government's total investments. The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City's Investment Policy, which is accepted annually by the City Council. There were no concentrations in any one issuer for the year.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 3.37% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

Custodial credit risk – deposits. For deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's Investment Policy addresses custodial credit risk, which follows the Government Code.

At June 30, 2020, the carrying amount of the City's deposits was \$2,380,955 and the balances in financial institutions were \$2,382,705. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$2,132,705 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City. As of June 30, 2020, the City's investments were held by the City's custodial agent, but not in the City's name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the City's name and places the City ahead of general creditors of the institution.

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2. CASH AND INVESTMENTS, continued

Custodial credit risk – investments. For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the City, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

Investment in LAIF

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2020 was \$32,075,372,647 of which the City had a balance of \$4,643,025. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2020 has a portfolio with market valuation of \$101,788,256 thousand. Of the total invested, 96.63% was invested in non-derivative financial products and 3.37% in structured notes and asset-backed securities. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2020:

	<u>Receivables</u>
Governmental Activities	
Accounts receivable	\$ 635,507
Intergovernmental	807,746
Interest	6,871
	<u>\$ 1,450,124</u>
Business-type activities	
Accounts receivable	\$ 298,919
Intergovernmental	158,768
Interest	10,002
	<u>\$ 467,689</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	50.66%
Individuals/Business	48.98%
Financial Institutions	0.36%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business or agency.

4. LOANS AND NOTES RECEIVABLE

The City engages in programs designed to encourage business enterprises, construction or improvement in low-to-moderate income housing, or other projects. Under these programs, grants or loans are provided with favorable terms to businesses, homeowners or developers who agree to spend these funds in accordance with the City's terms.

Loans and notes receivable for the year ended June 30, 2020, consisted of the following:

	<u>Beginning</u>			<u>Ending</u>
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Housing Rehabilitation and Affordable Housing Notes	\$ 1,008,117	\$ -	\$ (26,167)	\$ 981,950
Total loans receivable	<u>\$ 1,008,117</u>	<u>\$ -</u>	<u>\$ (26,167)</u>	<u>\$ 981,950</u>

Housing Rehabilitation, Business Enterprise and Affordable Housing

The City has provided loans to various homeowners and businesses for rehabilitation. The maximum loan amount is \$100,000, carrying various interest rates and payment dates. Although these notes are expected to be repaid in full, their balance has been offset by deferred revenue. Governmental funds report a deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

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5. CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2020, was as follows:

	Balance 6/30/2019	Additions	Retirements	Balance 6/30/2020
Capital assets (Not Depreciated)				
Land	\$ 627,945	\$ -	\$ -	\$ 627,945
Construction in progress	183,295	924,434	-	1,107,729
Total capital assets (not depreciated)	811,240	924,434	-	1,735,674
Capital assets (being depreciated)				
Buildings and improvements	356,422	-	-	356,422
Equipment	531,914	52,768	-	584,682
Vehicles	187,811	-	-	187,811
Streets and roads	2,103,640	-	-	2,103,640
Infrastructures	2,406,317	-	-	2,406,317
Total capital assets (being depreciated)	5,586,104	52,768	-	5,638,872
Less accumulated depreciation:				
Buildings and improvements	53,469	11,985	(2)	65,452
Equipment	512,231	3,982	-	516,213
Vehicles	169,978	22,065	(40,542)	151,501
Streets and roads	348,917	42,072	-	390,989
Infrastructure	511,578	48,126	-	559,704
Total accumulated depreciation	1,596,173	128,230	(40,544)	1,683,859
Governmental activities capital assets, net	\$ 4,801,171			\$ 5,690,687

Depreciation expense for capital assets was charged to functions as follows:

<u>Governmental-Type Activities</u>	
General Government	\$ 48,125
Public Safety	22,065
Planning and public works	58,040
Total Governmental Activities	<u>\$ 128,230</u>

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

5. CAPITAL ASSETS, *continued*

Business-type capital asset activity for the year ended June 30, 2020, was as follows:

	Balance 6/30/2019	Additions	Retirements	Adjustments	Balance 6/30/2020
Capital assets (Not Depreciated)					
Land	\$ 507,859	\$ -	\$ -	\$ -	\$ 507,859
Construction in progress	-	-	-	-	-
Total capital assets (not depreciated)	507,859	-	-	-	507,859
Capital assets (being depreciated)					
Infrastructure	27,359,638	16,605	-	-	27,376,243
Buildings and Improvements	206,508	-	-	-	206,508
Equipments	1,272,729	7,007	-	29,660	1,309,396
Vehicles	186,469	-	-	(40,543)	145,926
Total capital assets (being depreciated)	29,025,344	23,612	-	(10,883)	29,038,073
Less accumulated depreciation:					
Infrastructure	4,930,208	763,136	-	-	5,693,344
Buildings and Improvements	188,225	6,387	-	-	194,612
Equipments	1,023,374	52,600	-	-	1,075,974
Vehicles	91,385	8,864	-	-	100,249
Total accumulated depreciation	6,233,192	830,987	-	-	7,064,179
Net depreciable assets	22,792,152	(807,375)	-	(10,883)	21,973,894
Total net capital assets	\$ 23,300,011	\$ (807,375)	\$ -	\$ (10,883)	\$ 22,481,753

Depreciation expense for Business-type capital assets was charged to functions and programs based on their usage of related assets. The amount allocated to each function on program are as follows:

Business-Type Activities

Sewer	\$ 571,060
Water	259,927
Total Business-Type Activities	<u>\$ 830,987</u>

City of Rio Dell, California
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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2020:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 880,933	\$ 75,018	\$ 955,951
Accrued payroll and related liabilities	46,576	-	46,576
Total	<u>\$ 927,509</u>	<u>\$ 75,018</u>	<u>\$ 1,002,527</u>

These amounts resulted in the following concentrations in payables:

Vendors	95%
Employees	5%

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee.

7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

	Original Issue Amount	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Governmental Activities:						
Compensated absences	\$ -	\$ 36,344	\$ 415	\$ -	\$ 36,759	\$ 3,676
Total governmental activities	<u>\$ -</u>	<u>\$ 36,344</u>	<u>\$ 415</u>	<u>\$ -</u>	<u>\$ 36,759</u>	<u>\$ 3,676</u>
Business-type activities						
Safe Drinking Water Loan	\$ 2,720,000	\$ 1,428,000	\$ -	\$ (136,000)	\$ 1,292,000	\$ 136,000
State of California Water						
Resources Control Board	6,980,359	5,777,762	-	(175,822)	5,601,940	179,691
Total business-type activity debt	<u>10,236,159</u>	<u>7,205,762</u>	<u>-</u>	<u>(311,822)</u>	<u>6,893,940</u>	<u>315,691</u>
Compensated absences	-	35,820	4,272	-	40,092	4,009
Total business-type activities	<u>\$ -</u>	<u>\$ 7,241,582</u>	<u>\$ 4,272</u>	<u>\$ (311,822)</u>	<u>\$ 6,934,032</u>	<u>\$ 319,700</u>

City of Rio Dell, California
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7. LONG-TERM LIABILITIES, *continued*

Governmental Activities

Compensated Absences

The City records employee absences, such as vacation, illness, and holidays, for which it is expected that employees will be paid as compensated absences. Compensated absences had a balance of \$36,759 at June 30, 2020, of that amount \$3,676 is expected to be paid within a year. The net changes of the compensated absences are allocated to the public safety department on the Statement of Activities.

Business-type Activities

Safe Drinking Water State Revolving Fund Loan

In August 2005, the City entered into a loan agreement with the California Department of Health Services, Drinking Water and Environmental Services Division, for a loan in an amount up to \$2,720,000. The loan was subsequently funded by the Safe Drinking Water State Revolving Fund. The proceeds from the loan were used to assist in financing construction of a project that will enable the City to meet safe drinking water standards established under the Health and Safety Code and California Code of Regulations. The non-interest-bearing loan calls for 50 equal semiannual payments due in July and January of each year, beginning in July 2009. At June 30, 2020, the balance of the note was \$1,292,000.

State of California Water Resources Control Board

The City has obtained a loan from the California Department of Water Resources to finance an upgrade of the wastewater treatment plant to comply with State wastewater standards. The debt is required to be serviced through wastewater system user charges. The maximum loan amount is \$6,980,359. Principal and interest are payable annually on October 31. The rate of interest is 2.20%. The annual principal and interest payments are \$302,933 and continue through the fiscal year 2044.

City of Rio Dell, California
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7. LONG-TERM LIABILITIES, *continued*

Debt Service

Future debt service for Business-Type Activities at June 30, 2020, is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30,	Business-type Activities					
	Safe Drinking Water Loan		State of California Water Resources Control Board		Total	
			Principal	Interest		
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 136,000	\$ -	\$ 179,691	\$ 123,243	\$ 315,691	\$ 123,243
2022	136,000	-	183,644	119,289	319,644	119,289
2023	136,000	-	187,684	115,249	323,684	115,249
2024	136,000	-	191,813	111,120	327,813	111,120
2025	136,000	-	196,033	106,900	332,033	106,900
2025 - 2029	612,000	-	1,046,785	467,882	1,658,785	467,882
2030 - 2034	-	-	1,167,111	347,556	1,167,111	347,556
2035 - 2039	-	-	1,301,267	213,400	1,301,267	213,400
2040 - 2044	-	-	1,147,912	63,822	1,147,912	63,822
2045 - 2049	-	-	-	-	-	-
Total	<u>\$ 1,292,000</u>	<u>\$ -</u>	<u>\$ 5,601,940</u>	<u>\$ 1,668,461</u>	<u>\$ 6,893,940</u>	<u>\$ 1,668,461</u>
Due within one year	\$ 136,000	\$ -	\$ 179,691	\$ 123,243	\$ 315,691	\$ 123,243
Due after one year	<u>1,156,000</u>	<u>-</u>	<u>5,422,249</u>	<u>1,545,218</u>	<u>6,578,249</u>	<u>1,545,218</u>
Total	<u>\$ 1,292,000</u>	<u>\$ -</u>	<u>\$ 5,601,940</u>	<u>\$ 1,668,461</u>	<u>\$ 6,893,940</u>	<u>\$ 1,668,461</u>

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8. NET POSITION/ FUND BALANCES

Net position

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 5,690,687	\$ 15,903,504	\$ 21,594,191
Restricted	436,569	-	436,569
Unrestricted	3,735,825	4,256,143	7,991,968
Total	<u>\$ 9,863,081</u>	<u>\$ 20,159,647</u>	<u>\$ 30,022,728</u>

- Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions below.

Fund Balance

Nonspendable and Restricted fund balance consisted of the following at June 30, 2020:

Nonspendable:	
Prepaid items	\$ 31,312
Total Nonspendable	<u>\$ 31,312</u>
Restricted:	
Governmental Funds:	
CDBG	\$ 173,669
Gas Tax	237,235
ISTEA	25,665
Total Restricted	<u>\$ 436,569</u>

The following describe the purpose of each nonspendable, restricted, and committed category used by the City:

Nonspendable

- **Prepaid Items** – represents nonspendable amounts classified as prepaid items.

Restricted

- **CDBG**– represents amounts restricted for the City’s CDBG housing activities as these programs are supported by specific grants requiring the restriction.
- **Gas Tax** – represents amounts restricted for street maintenance purposes as defined in Sections 2105, 2106, 2107 and 2107.5 of the Streets and Highway Code.
- **ISTEA** – represents amounts restricted in accordance with the Intermodal Surface Transportation Efficiency Act.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

8. NET POSITION/ FUND BALANCES, continued

Fund Balance Deficits

Deficit fund balances consisted of the following:

	<u>As of</u> <u>June 30, 2020</u>
Nonmajor Special Revenue Funds:	
STIP	\$ 2,391
Total Nonmajor Funds	<u>2,391</u>
Total Fund Balance Deficits	<u>\$ 2,391</u>

The above deficit fund balances have occurred due to the spending of funds prior to the receipt of revenues (cost reimbursements). The Fund balances will be restored in the near future as revenues are received.

Excess of Expenditures and Transfers over Appropriations:

Expenditures and transfers exceeded appropriations for the year ended June 30, 2020, for the following funds:

<u>Fund</u>	<u>Final</u> <u>Appropriations</u>	<u>Expenditures and</u> <u>Transfers</u>	<u>Excess</u>
<u>Major Funds</u>			
<u>Special Revenue Funds</u>			
CDBG	\$ 2,461	\$ 2,986	\$ (525)

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

9. INTERFUND TRANSACTIONS

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Due to and due from other funds consisted of the following as of June 30, 2020:

	Due from Other Funds	Due to Other Funds
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 87,758	\$ -
Total Major Funds	<u>87,758</u>	<u>-</u>
Nonmajor Funds:		
ISTEA	-	13,939
Measure Z	-	16,806
STIP	-	57,013
Total Nonmajor Funds	<u>-</u>	<u>87,758</u>
Total Governmental Funds	<u>87,758</u>	<u>87,758</u>
Total	<u>\$ 87,758</u>	<u>\$ 87,758</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

9. INTERFUND TRANSACTIONS, CONTINUED

Transfers consisted of the following at June 30, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ -	\$ 300,000
Total Major Funds	-	300,000
Nonmajor Funds:		
Special Revenue Funds		
Economic Development	300,000	-
Total Nonmajor Funds	300,000	-
Total Governmental Funds	300,000	300,000
Total	<u>\$ 300,000</u>	<u>\$ 300,000</u>

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Small Cities Organized Risk Effort Joint Powers Authority (SCORE). SCORE provides insurance coverage for general liability, property, and workers' compensation claims under the terms of a joint-powers agreement with the City and several other governmental municipalities.

SCORE is insured up to \$500,000 per general liability and \$1,000,000 per property claim and has purchased excess of loss insurance policies providing coverage above the self-insurance limit to a maximum of \$25,000,000. The City has a \$2,500 - \$50,000 deductible per claim for general liability, property and workers' compensation cases. When the deductible is met, SCORE becomes responsible for payment of the excess claim.

Payments for insurance claims are recorded as expenditures in the funds in which the liabilities were incurred. In accordance with GASB Statement No. 10, if the third party administrator, SCORE, does not insure the loss occurrence then the City shall accrue a loss, if probable and reasonably estimable. As of June 30, 2020, the City has no uninsured occurrences. The City has not used an actuary in determining the liability reserve if needed. Because the actual claim liabilities depend on such complex factors as inflation and changes in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims are evaluated periodically to take into account recently settled claims, the frequency of claims and other economic and social factors.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

11. JOINT POWERS AGREEMENTS

The City is a member of various joint powers authorities, which provide goods or services to the City and other authority members. Under the criteria established by GASB Statement No. 14, the City does not have sufficient authority, influence or accountability over these entities to incorporate them in this annual report. Additionally, the City has determined that it has no ongoing financial interest in or responsibility for any of these organizations as defined by GASB Statement No. 14. The names and general functions of these joint powers are as follows:

Humboldt Transit Authority

Humboldt Transit Authority (HTA) was created as a separate legal entity by a joint powers agreement between Humboldt County and the Cities of Fortuna, Eureka, Arcata, Trinidad, and Rio Dell. The governing board consists of a city council member and an alternate member appointed from each participating city, as well as two board members and up to two alternate members appointed by the Humboldt County Board of Supervisors. HTA is responsible for adopting its own budget and has the power to incur debts, liabilities, or other obligations. On commencement of operations of HTA, the County contributed 50 percent of the initial equity, and the participating cities jointly contributed 50 percent based upon population data. The participants do not have an ongoing equity interest in HTA.

However, the participants do share operating costs of HTA, and the current share of the City of Rio Dell is 2.8 percent. During the year ended June 30, 2020, the City paid HTA \$40,646. At termination of the agreement, all surplus monies will be returned to the participants in proportion to the amounts received and property shall be divided in a manner agreed upon by the parties. Complete financial statements for Humboldt Transit Authority may be obtained at the offices of the Authority at 133 V Street, Eureka, California 95501.

Hazardous Materials Response Authority

Hazardous Materials Response Authority (HMRA) was created as a separate legal entity by a joint powers agreement between the County of Humboldt, the County of Del Norte, and Cities of Eureka, Crescent City, Arcata, Blue Lake, Fortuna, Trinidad, and Rio Dell. (The City of Ferndale withdrew from the agreement during 1994-1995). The purpose of this joint venture is to pool resources of the participants to provide a united, coordinated, orderly, positive, and more effective means of aiding and assisting in the formulation, administration, implementation and maintenance of an area-wide hazardous materials response team.

HMRA is governed by a board of directors comprised of one member and an alternate appointed by each participant. It adopts its own budget and has the powers to incur debts, liabilities, or obligations. The City of Eureka is responsible for directing the operations of Hazardous Materials Response Teams and for the accounting of HMRA, and in return HMRA reimburses the City of Eureka for the costs of operation and accounting services.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

11. JOINT POWERS AGREEMENTS, CONTINUED

Upon commencement of HMRA, the participants agreed to contribute a proportionate share of the cost of operations based on population. The participants do not have an ongoing equity interest in HMRA. However, the participants do share the operating costs of HMRA, and the current share of the City of Rio Dell is 1.9 percent, based on population. During the year ended June 30, 2020, the City paid HMRA \$717. At termination of the agreement, all surplus monies will be returned to the participants in proportion of the amounts received by HMRA; property shall be divided in a manner agreed upon by the participants. Complete financial statements of HMRA are on file at the offices of the City of Eureka at 531 K Street, Eureka, California 95501.

Redwood Region Economic Development Commission

Redwood Region Economic Development Commission (RREDC) was established on November 1, 1977, under a Joint Exercise of Powers Agreement among the nineteen public agencies within Humboldt County, including the City of Rio Dell. RREDC is a separate public entity created to aid, assist, and coordinate the formulation, administration, and implementation of the Economic Development Action Plan and Strategy for Humboldt County, and to assist in the implementation of economic development projects and programs to improve the quality of life in the area. RREDC is governed by one member and an alternate appointed by each participant. Complete financial statements for RREDC are on file at the offices of RREDC at 520 E Street, Eureka, California 95001.

Humboldt Waste Management Authority (HWMA)

A JPA formed to administer solid waste, recycling and other material diversion programs and services. Formed in 1999 and comprised of the County of Humboldt, Arcata, Blue Lake, Eureka, Ferndale and Rio Dell.

Humboldt County Association of Governments (HCAOG)

A local JPA formed for regional transportation planning, responsible for programming State highway, local street and road improvements and public transportation resources. All seven cities and the County are participants.

Redwood Coast Energy Authority (RCEA):

A JPA formed to develop and implement regional measures that reduce energy demand, increase energy efficiency and advance the use of clean efficient renewable resources. Members include the County of Humboldt; the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, and Trinidad; and the Humboldt Bay Municipal Water District.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

12. DEFERRED COMPENSATION PLAN

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. As explained previously, the City has adopted the provisions of GASB Statement No. 32 and, therefore, assets and liabilities of these plans have been excluded from the accompanying financial statements. For the fiscal year ended June 30, 2020, the City made contributions totaling \$137,439 to the plan.

13. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in litigation incurred in the normal course of conducting City business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants and Allocations

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Commitments

The City had no significant unexpended contractual commitments as of June 30, 2020.

14. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 87, "*Leases*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

14. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The GASB has issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

The GASB has issued Statement No. 91, "*Conduit Debt Obligations*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*". The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

City of Rio Dell, California
Basic Financial Statements
For the year ended June 30, 2020

14. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in *each* pronouncement as originally issued.

15. PANDEMIC EFFECTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The City is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the City's employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the City's financial position and changes in net position, fund balance and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
Gas Tax	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2103, 2105, 2106, 2107, 2107.5 and 2032 (SB1) of the Streets and Highway Code.
TDA	Accounts for funds received and expended for transit, street, pedestrian and bike purposes in Accordance with the Transportation Development Act.
RSTP	Accounts for funds received and expended in accordance with the Regional Surface Transportation Act.
Solid Waste	Accounts for the City's portion of the Humboldt Waste Management Authority's tipping fees.
SLESF	Accounts for funds received to be used for public safety purposes.
Measure Z	Accounts for funds received and expended for Measure Z.
STIP	Accounts for funds received and expended in accordance with the State Transportation Improvement Program, a multi-year capital improvement program of transportation projects on and off the State Highway System.
Building	Accounts for funds received and expended for building maintenance inspection and permitting purposes.
Recycling	Accounts for funds received and expended for recycling purposes.
Economic Development	Accounts for funds received or designated by the City Council and expended for economic development purposes.

City of Rio Dell, California
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	Gas Tax	TDA	RSTP	Solid Waste
ASSETS				
Cash and investments	\$ 256,783	\$ 39,748	\$ -	\$ 34,275
Receivables:				
Interest	557	188	-	86
Intergovernmental	-	-	-	-
Other receivable	8,908	34,859	55,022	2,137
Total assets	\$ 266,248	\$ 74,795	\$ 55,022	\$ 36,498
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 29,013	\$ 16,492	\$ 15,418	\$ 8
Due to other funds	-	-	13,939	-
Total liabilities:	29,013	16,492	29,357	8
Fund Balances:				
Restricted	237,235	-	25,665	-
Assigned	-	58,303	-	36,490
Unassigned (deficit)	-	-	-	-
Total fund balances	237,235	58,303	25,665	36,490
Total liabilities deferred inflows and fund balances	\$ 266,248	\$ 74,795	\$ 55,022	\$ 36,498

SLESF	Measure Z	STIP	Building	Recycling	Economic Development	Totals
\$ 87,890	\$ -	\$ -	\$ 52,223	\$ 29,886	\$ 300,000	\$ 800,805
227	-	-	136	74	-	1,268
-	-	807,746	-	-	-	807,746
3,080	16,806	-	-	-	-	120,812
<u>\$ 91,197</u>	<u>\$ 16,806</u>	<u>\$ 807,746</u>	<u>\$ 52,359</u>	<u>\$ 29,960</u>	<u>\$ 300,000</u>	<u>\$ 1,730,631</u>

\$ -	\$ -	\$ 753,124	\$ 146	\$ -	\$ -	\$ 814,201
-	16,806	57,013	-	-	-	87,758
-	16,806	810,137	146	-	-	901,959

-	-	-	-	-	-	262,900
91,197	-	-	52,213	29,960	300,000	568,163
-	-	(2,391)	-	-	-	(2,391)
91,197	-	(2,391)	52,213	29,960	300,000	828,672
<u>\$ 91,197</u>	<u>\$ 16,806</u>	<u>\$ 807,746</u>	<u>\$ 52,359</u>	<u>\$ 29,960</u>	<u>\$ 300,000</u>	<u>\$ 1,730,631</u>

City of Rio Dell, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the year ended June 30, 2020

	Gas Tax	TDA	RSTP	Solid Waste
REVENUES:				
Gas tax	\$ 141,699	\$ -	\$ -	\$ -
Intergovernmental	-	154,657	28,315	-
Licenses, permits, and franchise taxes	1,500	-	-	4,233
Interest and use of property	2,887	523	-	515
Miscellaneous	642	553	-	34
Total revenues	<u>146,728</u>	<u>155,733</u>	<u>28,315</u>	<u>4,782</u>
EXPENDITURES:				
Current:				
General government	9,334	6,811	-	-
Public safety - Police	-	-	-	-
Public works	62,940	160,347	16,965	-
Planning and building	-	-	-	-
Recycling	-	-	-	8,266
Capital outlay	49,621	-	-	-
Total expenditures	<u>121,895</u>	<u>167,158</u>	<u>16,965</u>	<u>8,266</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>24,833</u>	<u>(11,425)</u>	<u>11,350</u>	<u>(3,484)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>24,833</u>	<u>(11,425)</u>	<u>11,350</u>	<u>(3,484)</u>
FUND BALANCES (DEFICITS):				
Beginning of year	212,402	69,728	14,315	39,974
End of year	<u>\$ 237,235</u>	<u>\$ 58,303</u>	<u>\$ 25,665</u>	<u>\$ 36,490</u>

SLESF	Measure Z	STIP	Building	Recycling	Economic Development	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,699
159,426	23,442	837,653	-	5,000	-	1,208,493
-	-	-	34,093	-	-	39,826
922	-	-	960	359	-	6,166
1,632	-	-	1,025	-	-	3,886
161,980	23,442	837,653	36,078	5,359	-	1,400,070
-	-	-	-	-	-	16,145
141,524	22,947	-	-	-	-	164,471
-	-	-	-	-	-	240,252
-	-	-	82,635	-	-	82,635
-	-	-	-	-	-	8,266
-	-	838,778	-	-	-	888,399
141,524	22,947	838,778	82,635	-	-	1,400,168
20,456	495	(1,125)	(46,557)	5,359	-	(98)
-	-	-	-	-	300,000	300,000
-	-	-	-	-	-	-
-	-	-	-	-	300,000	300,000
20,456	495	(1,125)	(46,557)	5,359	300,000	299,902
70,741	(495)	(1,266)	98,770	24,601	-	528,770
\$ 91,197	\$ -	\$ (2,391)	\$ 52,213	\$ 29,960	\$ 300,000	\$ 828,672

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Gas Tax Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Gas Tax	\$ 150,360	\$ 150,360	\$ 141,699	\$ (8,661)
Licenses, permits, and franchise taxes	-	-	1,500	1,500
Use of money and property	-	-	2,887	2,887
Miscellaneous	-	-	642	642
Total revenues	150,360	150,360	146,728	(3,632)
EXPENDITURES:				
Current:				
General government	13,963	13,963	9,334	4,629
Public works	88,200	64,968	62,940	2,028
Capital outlay	-	53,232	49,621	3,611
Total expenditures	102,163	132,163	121,895	10,268
REVENUES OVER (UNDER) EXPENDITURES	48,197	18,197	24,833	6,636
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	48,197	18,197	24,833	6,636
FUND BALANCES (DEFICIT):				
Beginning of year	212,402	212,402	212,402	-
End of year	\$ 260,599	\$ 230,599	\$ 237,235	\$ 6,636

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

TDA Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 164,343	\$ 164,343	\$ 154,657	\$ (9,686)
Interest and use of property	523	523	523	-
Miscellaneous	-	-	553	553
Total revenues	<u>164,866</u>	<u>164,866</u>	<u>155,733</u>	<u>(9,133)</u>
EXPENDITURES:				
Current:				
General government	10,743	10,616	6,811	3,805
Public works	124,499	167,858	160,347	7,511
Capital outlay	<u>43,232</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>178,474</u>	<u>178,474</u>	<u>167,158</u>	<u>11,316</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(13,608)</u>	<u>(13,608)</u>	<u>(11,425)</u>	<u>2,183</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(13,608)</u>	<u>(13,608)</u>	<u>(11,425)</u>	<u>2,183</u>
FUND BALANCES (DEFICIT):				
Beginning of year	<u>69,728</u>	<u>69,728</u>	<u>69,728</u>	<u>-</u>
End of year	<u>\$ 56,120</u>	<u>\$ 56,120</u>	<u>\$ 58,303</u>	<u>\$ 2,183</u>

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

RSTP Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 24,500	\$ 24,500	\$ 28,315	\$ 3,815
Miscellaneous	-	-	-	-
Total revenues	<u>24,500</u>	<u>24,500</u>	<u>28,315</u>	<u>3,815</u>
EXPENDITURES:				
Current:				
Public works	<u>24,342</u>	<u>24,342</u>	<u>16,965</u>	<u>7,377</u>
Total expenditures	<u>24,342</u>	<u>24,342</u>	<u>16,965</u>	<u>7,377</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>158</u>	<u>158</u>	<u>11,350</u>	<u>11,192</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>158</u>	<u>158</u>	<u>11,350</u>	<u>11,192</u>
FUND BALANCES (DEFICIT):				
Beginning of year	<u>14,315</u>	<u>14,315</u>	<u>14,315</u>	<u>-</u>
End of year	<u>\$ 14,473</u>	<u>\$ 14,473</u>	<u>\$ 25,665</u>	<u>\$ 11,192</u>

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Solid Waste Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits, and franchise taxes	\$ 9,000	\$ 9,000	\$ 4,233	\$ (4,767)
Use of money and property	-	-	515	515
Miscellaneous	-	-	34	34
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>4,782</u>	<u>(4,218)</u>
EXPENDITURES:				
Current:				
Recycling	<u>14,600</u>	<u>14,600</u>	<u>8,266</u>	<u>6,334</u>
Total expenditures	<u>14,600</u>	<u>14,600</u>	<u>8,266</u>	<u>6,334</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,600)</u>	<u>(5,600)</u>	<u>(3,484)</u>	<u>2,116</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(5,600)</u>	<u>(5,600)</u>	<u>(3,484)</u>	<u>2,116</u>
FUND BALANCES (DEFICIT):				
Beginning of year	<u>39,974</u>	<u>39,974</u>	<u>39,974</u>	<u>-</u>
End of year	<u>\$ 34,374</u>	<u>\$ 34,374</u>	<u>\$ 36,490</u>	<u>\$ 2,116</u>

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

SLESF Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 143,000	\$ 143,000	\$ 159,426	\$ 16,426
Use of money and property	-	-	922	922
Miscellaneous	-	-	1,632	1,632
Total revenues	<u>143,000</u>	<u>143,000</u>	<u>161,980</u>	<u>18,980</u>
EXPENDITURES:				
Current:				
Public safety - Police	<u>155,877</u>	<u>155,877</u>	<u>141,524</u>	<u>14,353</u>
Total expenditures	<u>155,877</u>	<u>155,877</u>	<u>141,524</u>	<u>14,353</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(12,877)</u>	<u>(12,877)</u>	<u>20,456</u>	<u>33,333</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(12,877)</u>	<u>(12,877)</u>	<u>20,456</u>	<u>33,333</u>
FUND BALANCES (DEFICIT):				
Beginning of year	<u>70,741</u>	<u>70,741</u>	<u>70,741</u>	<u>-</u>
End of year	<u>\$ 57,864</u>	<u>\$ 57,864</u>	<u>\$ 91,197</u>	<u>\$ 33,333</u>

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Measure Z Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 28,694	\$ 28,694	\$ 23,442	\$ (5,252)
Use of money and property	-	-	-	-
Total revenues	<u>28,694</u>	<u>28,694</u>	<u>23,442</u>	<u>(5,252)</u>
EXPENDITURES:				
Current:				
Public safety - Police	28,694	28,694	22,947	5,747
Total expenditures	<u>28,694</u>	<u>28,694</u>	<u>22,947</u>	<u>5,747</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>495</u>	<u>495</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>495</u>	<u>495</u>
FUND BALANCES (DEFICIT):				
Beginning of year	(495)	(495)	(495)	-
End of year	<u>\$ (495)</u>	<u>\$ (495)</u>	<u>\$ -</u>	<u>\$ 495</u>

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

STIP Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 1,297,000	\$ 837,653	\$ (459,347)
Total revenues	-	1,297,000	837,653	(459,347)
EXPENDITURES:				
Current:				
Public works	-	36,000	-	36,000
Capital outlay	-	1,261,000	838,778	422,222
Total expenditures	-	1,297,000	838,778	458,222
REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,125)	(1,125)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(1,125)	(1,125)
FUND BALANCES (DEFICIT):				
Beginning of year	(1,266)	(1,266)	(1,266)	-
End of year	<u>\$ (1,266)</u>	<u>\$ (1,266)</u>	<u>\$ (2,391)</u>	<u>\$ (1,125)</u>

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Building Special Revenue Fund Budget

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits, and franchise taxes	\$ 45,735	\$ 45,735	\$ 34,093	\$ (11,642)
Interest and use of property	-	-	960	960
Miscellaneous	-	-	1,025	1,025
Total revenues	<u>45,735</u>	<u>45,735</u>	<u>36,078</u>	<u>(9,657)</u>
EXPENDITURES:				
Current:				
Planning and building	<u>100,206</u>	<u>100,206</u>	<u>82,635</u>	<u>17,571</u>
Total expenditures	<u>100,206</u>	<u>100,206</u>	<u>82,635</u>	<u>17,571</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(54,471)</u>	<u>(54,471)</u>	<u>(46,557)</u>	<u>7,914</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(54,471)</u>	<u>(54,471)</u>	<u>(46,557)</u>	<u>7,914</u>
FUND BALANCES (DEFICIT):				
Beginning of year	<u>98,770</u>	<u>98,770</u>	<u>98,770</u>	<u>-</u>
End of year	<u>\$ 44,299</u>	<u>\$ 44,299</u>	<u>\$ 52,213</u>	<u>\$ 7,914</u>

City of Rio Dell, California

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Recycling Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 5,000	\$ 5,000
Interest and use of property	-	-	359	359
Total revenues	-	-	5,359	5,359
EXPENDITURES:				
Current:				
Recycling	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	5,359	5,359
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	5,359	5,359
FUND BALANCES (DEFICIT):				
Beginning of year	24,601	24,601	24,601	-
End of year	\$ 24,601	\$ 24,601	\$ 29,960	\$ 5,359

City of Rio Dell, California

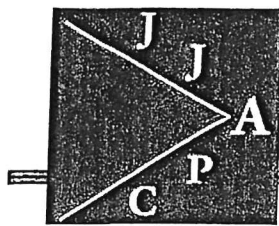
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Economic Development Special Revenue Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest and use of property	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
General government	46,400	46,400	-	46,400
Total expenditures	46,400	46,400	-	46,400
REVENUES OVER (UNDER) EXPENDITURES	(46,400)	(46,400)	-	46,400
OTHER FINANCING SOURCES (USES):				
Transfers in	300,000	300,000	300,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	300,000	300,000	300,000	-
Net change in fund balances	253,600	253,600	300,000	46,400
FUND BALANCES (DEFICIT):				
Beginning of year	-	-	-	-
End of year	\$ 253,600	\$ 253,600	\$ 300,000	\$ 46,400

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JJACPA, Inc.

A Professional Accounting Services Corp.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Independent Auditor's Report

The Honorable City Council
City of Rio Dell
Rio Dell, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Rio Dell, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 17, 2021

JJACPA, Inc.

JJACPA, Inc.

Dublin, CA



*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
cityofriodell.ca.gov*

April 6, 2021

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: Discussion and Possible Action Related to 2020 CalOES PSPS Resiliency Allocation.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Receive the report, provide feedback if any.

BACKGROUND AND DISCUSSION

The City Manager will provide a preliminary update and seek input or direction from the Council.

The Council met at a special meeting on March 25, 2021 to authorize the City Manager to sign an allocation letter for a \$295,000 PSPS resiliency program.

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City of Rio Dell CalOES Resilience Grant Scope of Work

PRELIMINARY DRAFT

1. **Base Bid:** Provide, Install and Commission a Grid-tied Solar PV System with integrated Battery Energy Storage System and Generator Set at Rio Dell City Hall
 - a. Install 22.5 kW Grid Tied Solar array
 - b. Install 20 kW/40 kWh Battery Energy Storage System
 - c. Install one 13 kW natural gas generator
 - d. Update City Hall electrical box
2. **Additive Alternate A:** Provide, Install and Commission a Grid-tied Solar PV System at the Wastewater Treatment Plant.
 - a. Install 24 kW Grid Tied Solar array
3. **Additive Alternate B:** Provide all design, labor, and materials for a turnkey, code compliant installation of emergency power back-up systems at the Fern and Painter Lift Stations.
 - a. Install one natural gas generator (13 kW or equivalent) and one Battery Energy Storage System (13 kWh or equivalent) at the Fern Lift Station.
 - b. Install one natural gas generator (13 kW or equivalent) and one Battery Energy Storage System (13 kWh or equivalent) at the Painter Lift Station.
4. **Additive Alternate C (in place of B):** Provide all design, labor, and materials for a turnkey, code compliant installation of emergency power back-up systems at the Fern and Painter Lift Stations.
 - a. Install one natural gas generator (13 kW or equivalent) with onsite propane storage // alternate: Diesel or gas.
 - b. Install one natural gas generator (13 kW or equivalent) with onsite propane storage // alternate: Diesel or gas.

Draft Cost Scenario 1	
Allocation	-\$295,000
5% Contingency	\$14,750
City Hall	
Solar Array 22.4 Kw	\$78,400
City Hall Electrical	\$30,000
N. Gas Generator	\$12,000
Public Charge Station	\$6,000
3 Powerwalls	\$36,000
Corp Yard	
Solar Array 24 Kw	\$84,000
Wiring	\$45,000
Lift Stations	
2 Powerwalls	\$24,000
2 Generators	\$24,000
sub-total	\$354,150
Other Fund Match	\$59,150



*675 Wildwood Avenue
Rio Dell, CA 95562-1597
(707) 764-5642 Hall*

For Meeting of: April 6, 2021

■ Consent Item; □ Public Hearing Item

To: City Council

From: Jeff Conner, Chief of Police

Through: Kyle Knopp, City Manager

Date: March 31, 2021

Subject: Discussion of Cost Recovery for the Abatement of 483 Fourth Avenue

Recommendation:

That the City Council discuss the cost recovery for the abatement that took place on September 2, 2020, including any public comment. The cost of the abatement was \$2,727.06.

Background and Discussion

On February 13, 2019, a Notice of Violation was served on Jeanie Spier, the owner of 483 4th Avenue. There was some initial progress in removing the trash and garbage stored in the front yard of that property. However, the situation soon reverted and Administrative Citations were issued to the property owner on November 24, 2019 and on June 1, 2020. There was minimal response to these citations and they have not been paid. On July 7, 2020, Jeanie Spier was served with a Notice of Nuisance and Order to Abate. When there was no action in response to this document, an abatement warrant was sought from the court. On September 2, 2020, the Public Works Department conducted the abatement, removing the solid waste and trash from the front yard. The City's costs for the abatements were determined to be \$2,727.06. This cost assessment was sent via certified mail to the property owner on December 15, 2020. She has not made any attempt to pay or make a plan with the City for this debt.

Rio Dell Municipal Code (RDMC) Sections 8.10.310 through 8.10.330 cover the cost recovery process. RDMC Section 8.10.330 references the California Government Code Section 38773.5 which spells out the process for establishing taxes and assessments. This process requires two meetings, a public meeting followed by a public hearing. The public hearing is anticipated to be held on June 1, 2021.

Attachment(s): Cost recovery assessment

Rio Dell Police Department
 675 Wildwood Avenue, Rio Dell, California 95562
 [707] 764-5642

COST RECOVERY ASSESSMENT

Name: **Jeanie Spier**
 Address: 483 4th Avenue
 Rio Dell, California 95562
 A.P.# 053-075-007
 File # CE18-15
 Location: **483 4th Avenue**
Rio Dell, California

<i>Date</i>	<i>Staff/ Vendor</i>	<i>Staff Time Description</i>	<i>Hours/10ths</i>	<i>Cost</i>
2/15/2019	JC	Draft Notice of Violation	1.00	\$78.03
2/19/2019	SL	Mail Notice of Violation	0.25	\$6.77
7/6/2020	JC	Draft Notice of Nuisance and Order to Abate	1.00	\$78.03
7/6/2020	SL	Mail Notice of Nuisance	0.25	\$6.77
8/26/2020	JC	Obtain Abatement Warrant	1.50	\$117.05
SUB-TOTAL - Staff Time				\$286.64

Contractors and Other Agencies/Departments

CONTRACTORS:

9/2/2020	Recology - 30 yard dumpster	\$1,755.18
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OTHER AGENCIES/DEPARTMENTS

9/2/2020	Public Works Cleanup Crew	\$671.80
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SUB-TOTAL - Contractors and Other Agencies	\$2,426.98
--	-------------------

<i>Date</i>	<i>Office Costs Description</i>	<i>Amount</i>
2/19/2020	Certified Mail for Notice of Violation	\$6.72
7/6/2020	Certified Mail for Notice of Nuisance and Order to Abate	\$6.72
SUB-TOTAL - Office Cost		\$13.44

TOTAL

\$2,727.06


675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532



For Meeting of: April 6, 2021

☐ Consent Item; ☒ Public Hearing Item

To: City Council

From: Kevin Caldwell, Community Development Director 


Through: Kyle Knopp, City Manager

Date: March 28, 2021

Subject: Ordinance No. 384-2021 amending the existing Street Dedication and Improvement Regulations, Section 17.30.310(2) and (6), of the Rio Dell Municipal Code

Recommendation:

That the City Council:

1. Receive staff's presentation introducing for the first reading Ordinance No. 384-2021 amending the existing Street Dedication and Improvement Regulations, Section 17.30.310(2) and (6), of the Rio Dell Municipal Code; and
2. Open public hearing and receive public comment; and
3. Close public hearing, deliberate and continue the item to your meeting of April 6, 2021 for the second reading, approval and adoption. 

Background and Discussion - This item was continued from your meeting of April 16, 2021.

Staff recently discovered that the City's Street Dedication and Improvement Regulations, Section 17.30.310 of the Rio Dell Municipal Code (RDMC), apply to private streets as well as public streets. The regulations are included as Attachment 1.

The regulations require the irrevocable dedication of land and construction of street, curb, gutter and sidewalk improvements. Under the current regulations, the Planning Commission or City Council may waive the dedication and required improvements. See recommended changes below.

(2) Requirement – Private Streets. The provisions of subsection (1)(a)(ii) of this section shall apply to lots or parcels abutting a private street or road right-of-way established by recorded document or easement, with the exception that the ~~City Planning Commission or City Council~~ [Public Works Director](#) may, in lieu of requiring a dedication as hereinafter provided, require an irrevocable offer of dedication which shall be recorded and shall not become a part of the City street system until therefore accepted into the City’s street system by resolution of the City Council. The ~~Commission or City Council~~, [Public Works Director](#) as the case may be, may waive the dedication requirement of this section where it is found and determined that there is little likelihood that the remaining right-of-way adjacent to other lots or parcels in the area will be acquired for the public use and that the acquisition of said right-of-way in connection with the proposed improvements to any given parcel would be of no public benefit

(6) Waiver. The ~~Planning Commission~~ [Public Works Director](#) may [approve](#) ~~recommend to the City Council~~, upon determination of hardship, other than financial hardship, by reason of unusual circumstances applicable to the owner of any parcel of property subject to the provisions of this section, [a](#) waiver of any and all provisions of this section.

Apparently, the Public Works Director has actually waived dedication and/or improvement requirements and/or has required that the owners enter into a Deferred Improvement Agreement. The proposed amendment will reflect the process that has historically been in place.

Staff is supportive of the amendment because it streamlines the process for the property owner in terms of time and cost. In addition, historically the Council or Commission would defer to the Public Works Director for their recommendation. It should be noted an “Appeal” provision to the City Council is currently in place.

Procedures for Zoning Ordinance Amendments

Pursuant to Section 17.35.010 of the City of Rio Dell Municipal Code, the following City procedures are required to amend the Ordinance:

- An amendment may be initiated by one or more owners of property affected by the proposed amendment, as set out in Section 17.35.010(3), or by action of the Planning Commission, or the City Council.

- The application of one or more property owners for the initiation of an amendment shall be filed in the office of the City Clerk on a form provided, accompanied by a filing fee.
- Subject only to the rules regarding the placing of matters on the Planning Commission agenda, the matter shall be set for a public hearing.
- Notice of hearing time and place shall be published once in a newspaper of general circulation at least ten calendar days before the hearing or by posting in at least three public places.
- At the public hearing, the Planning Commission shall hear any person affected by the proposed amendment. The hearing may be continued from time to time.
- Within 40 days of the conclusion of the hearing, the Planning Commission shall submit to the City Council a written report of recommendations and reasons therefore.
- Subject only to the rules regarding the placing of matters on its agenda, the City Council, at its next regular meeting following the receipt of such report, shall cause the matter to be set for a public hearing. Notice of the time and place of the hearing shall be given as provided in Section 17.35.010(5), hereof.
- At the public hearing, the City Council shall hear any person affected by the proposed amendment. The hearing may be continued to a specified future date, but shall be concluded within 60 days of the commencement thereof.
- The City Council shall not make any substantive change in the proposed amendment until the proposed change has been referred to the Planning Commission for a report, and the Planning Commission report has been filed with the City Council.

Zone Amendment Required Findings:

1. The proposed amendment is in the public interest.

Staff believes the recommended changes are in the public interest for the following reasons:

- The property owner would not have to make application, including the \$250 filing fee to the Planning Commission or City Council requesting an exception; and
- The proposed amendment will reflect the process that has historically been in place; and
- Historically the Council or Commission would defer to the Public Works Director for their recommendation.

2. The proposed amendment is consistent and compatible with the General Plan and any implementation programs that may be affected.

Staff is not aware of any General Plan policies that are contrary to the recommended amendment.

3. The proposed amendments have been processed in accordance with the California Environmental Quality Act (CEQA).

The primary purpose of the California Environmental Quality Act (CEQA) is to inform the decision makers and the public of potential environmental effects of a proposed project.

Based on the nature of the project, staff has determined that the project is Statutorily Exempt pursuant to Section 15061(b) (3) of the CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations. Pursuant to Section 15061(b) (3) of the CEQA Guidelines this exemption is covered by the general rule that CEQA applies only to projects which have the potential for causing a *significant* effect on the environment. Where it can be seen with certainty that there is no possibility that the project in question may have a significant effect on the environment, the project is not subject to CEQA. Based on the nature of the proposed amendment, staff believes there is no evidence to suggest that the amendment to the sign regulations will have a significant effect on the environment.

Attachments:

Attachment 1: Existing Street and Dedication Regulations, Section 17.30.310 Rio Dell Municipal Code.

Attachment 2: Ordinance No. 384-2021 amending the existing Street Dedication and Improvement Regulations.

**Street Dedication and Improvement
Section 17.30.310 Rio Dell Municipal Code**

17.30.310 Street Dedication and Improvement.

(1) Requirement. No building or structure shall be erected or relocated, or expanded or altered in an amount exceeding 50 percent of the value of the existing structures or improvements on said premises, and no building permit shall be issued therefore, on any lot unless such dedication and improvements have been assured to the satisfaction of the Director of Public Works, subject to the following limitations:

(a) In any zone other than TC, the maximum area of land required to be dedicated shall not exceed 25 percent of any lot area, and in no event shall such dedication reduce the lot below the required minimum lot sizes, widths and areas specified in this title unless lesser area, width or depth is approved by the City Council. In no case, however, shall such dedication be required if:

(i) Lot depth is reduced to less than 50 feet;

(ii) Lot width is reduced to less than 25 feet;

(iii) Lot area is reduced to 4,800 square feet, or to less than 80 percent of the area size of any lot that:

(A) Is less than 6,000 square feet on the date the ordinance codified in this title was adopted by the City Council;

(B) Is not required to be merged with another lot by the provisions of Section 66424.2 of the Government Code.

(b) No such dedication may be required with respect to the portion of a lot occupied by a main building, although an irrevocable offer of dedication, not to be exercised by the City while the main building exists on the land to be dedicated, may be required of the owner.

(c) No additional improvement shall be required on any lot where all of the following exist within the present dedication contiguous thereto and on the block: complete roadway, curb, gutter, and sidewalk improvements.

(2) Requirement – Private Streets. The provisions of subsection (1)(a)(ii) of this section shall apply to lots or parcels abutting a private street or road right-of-way established by recorded document or easement, with the exception that the City Planning Commission or City Council may, in lieu of requiring a dedication as hereinafter provided, require an irrevocable offer of dedication which shall be recorded and shall not become a part of the City street system until therefore accepted into the City's street system by resolution of the City Council. The Commission or City Council, as the case may be, may waive the dedication requirement of this section where it is found and determined that there is little likelihood that the remaining right-of-

way adjacent to other lots or parcels in the area will be acquired for the public use and that the acquisition of said right-of-way in connection with the proposed improvements to any given parcel would be of no public benefit.

(3) Dedication Standards. Said street right-of-way shall be dedicated to and in accordance with the width, standards and right-of-way lines of the general plan.

(4) Dedication in UR and SR Zone. Dwellings or accessory buildings in the UR and SR zone shall be subject to the provisions of this subsection, where in addition the following conditions exist:

(a) The maximum area of land required to be dedicated shall not exceed 20 feet of lot depth and 25 percent of lot area and in no event shall said lot be reduced to less than 80 percent of the minimum required lot size of this title; and

(b) The right-of-way line to which dedication is required is consistent with the minimum right-of-way widths required by the City Council in the circulation element of the general plan in effect on the date of application for said building permit; or

(c) The right-of-way line to which dedication is required is not shown on any general or specific plan element, but has been established on adjoining properties on the same side of the block by the construction of street improvements, including curbs, gutters, and sidewalks, in which event dedication shall be to the greater established right-of-way line created by the reason of such street improvements, or any lesser width thereof as established by the Public Works Director or the Planning Commission if ratified by the City Council, in applying the principles of this section, and subject to subsection (4)(a) of this section.

(5) Improvements. Before a building or structure subject to the provisions of this section may be occupied or utilized, curbs, gutters, sidewalks, streets, and private drainage structures shall be constructed at the grade and location specified by the Director of Public Works, unless there already exists within the present right-of-way, on the property the owner has agreed to dedicate, curbs, gutters, sidewalks or drainage structures and streets which shall be in accordance with City standards and RDMC Title 16, if applicable.

(6) Waiver. The Planning Commission may recommend to the City Council, upon determination of hardship, other than financial hardship, by reason of unusual circumstances applicable to the owner of any parcel of property subject to the provisions of this section, waiver of any and all provisions of this section.

(7) Appeal. Any person required to dedicate land or make improvements under the provisions of this section may appeal any determination or decision made hereunder to the City Council. Such appeal shall be in writing and shall be accompanied by any appeal fee established or set by the City Council. The appeal shall state in clear and concise language the grounds thereof. In addition, any member of the City Council may appeal any decision or determination made under this section to the City Council for hearing thereof.

The City Council may make such modifications in the requirements of this section or may grant such waivers or modification of the determinations required or made hereunder as it shall determine is required to prevent an unreasonable hardship under the facts of any case and as long as each such modification or waiver is in conformity with the general spirit and intent of this section.

(8) Improvement and Dedication in Connection with the Granting of a Zone Change, Variance or Conditional Use Permit. In addition to the provisions of this section, the Commission or Council granting any change of zone, conditional use permit or variance may, as a condition of the same, require the dedication and improvement of street rights-of-way beyond that designated on any general or specific plan element of the City, where the granting of such zone change, variance or conditional use permit would otherwise be detrimental to the public peace, health and safety by reason of increased parking, traffic congestion, or other reason occasioned by the improvement of such property under such a proposed zone change, variance, or conditional use permit.

(9) Agreement to Dedicate and Improve. In lieu of dedication, where required by this section, an owner may, subject to the discretion of the officer, board or agency authorized to accept said dedication, enter into an agreement with the City to dedicate, signed by all persons having any right, title, interest or lien in the property, or any portion thereof to be dedicated. The signatures on such agreement shall be acknowledged and the agreement shall be prepared for recordation.

In lieu of any required improvement under this section, the officer, board or agency authorized or required to accept the same may in its discretion enter into an agreement with the owner, secured by cash or surety bond to the approval of the City Attorney, guaranteeing the installation of said improvements.

(a) Failure to Dedicate or Improve. In any case where dedication or improvement is required pursuant to any provision of this section and such dedication or improvement is not made or installed within the time specified in the issuance of any permit, motion, resolution, order or ordinance by any officer, the Commission or Council, any authority to construct any building, or to receive or have a conditional use permit, variance or zone change granted or approved on the condition of such dedication or improvement shall terminate automatically unless the time to dedicate or improve is extended by the City Council, or the improvement or dedication, as the case may be, is accomplished as follows:

(i) In any case where dedication or improvement as required by this section is not made or installed within the time specified in any agreement made and entered into pursuant hereto, the Director of Public Works may forfeit any bond or security given therefor and cause said work to be performed, remitting to the owner any balance remaining after deducting the cost of said work, plus all engineering and overhead expenses. Should the cost exceed the amount of security supplied by the owner, the owner shall pay the difference upon demand, or through a tax lien upon the property.

(ii) In lieu of completing said dedication or improvement, the Director of Public Works may recommend to the City Council that the City improve and cancel and revoke all permits issued pursuant to this section.

In the event of termination, as hereinbefore provided, all rights, privileges, permits, variances, or zone changes granted pursuant to this permit are automatically rescinded and of no legal force or effect.

(10) Maintenance and Repair of Sidewalks. Anything in this chapter to the contrary notwithstanding, the maintenance and repair of sidewalk areas and the making, confirming and collecting of assessments for the cost and expenses of said maintenance and repair may be done and the proceedings therefor may be had and taken in accordance with this chapter and

the procedure therefor provided in Chapter 22 of Division 7, Part 3, of the Streets and Highways Code of the State as the same is now in effect or may hereafter be amended. In the event of any conflict between the provisions of said Chapter 22 of Division 7, Part 3, of the Streets and Highways Code of the State and this chapter, the provisions of chapter shall control.

The owners of lots or portions of lots adjacent to or fronting on any portion of a sidewalk area between the property line of the lots and the street line, including parking strips, sidewalks, curbs and gutters, and persons in possession of such lots by virtue of any permit or right shall repair and maintain such sidewalk areas and pay the costs and expenses therefor, including a charge for the City of Rio Dell's cost of inspection and administration whenever the city awards a contract for such maintenance and repair and including the costs of collection of assessments for the costs of maintenance and repair, the first paragraph of this subsection, or handling of any lien placed on the property due to failure of the property owner to promptly pay such assessments.

For the purposes of this section, maintenance and repair of sidewalk area shall include, but not be limited to, maintenance and repair of surfaces including grinding, removal and replacement of sidewalks, repair and maintenance of curb and gutters, removal and filling or replacement of parking strips, removal of weeds and/or debris, supervision and maintenance of signs, tree root pruning and installing root barriers, trimming of shrubs and/or ground cover and trimming shrubs within the area between the property line of the adjacent property and the street pavement line, including parking strips and curbs, so that the sidewalk area will remain in a condition that is not dangerous to property or to persons using the sidewalk in a reasonable manner and will be in a condition which will not interfere with the public convenience in the use of said sidewalk area. Notwithstanding the provisions of Section 5614 of the state Streets and Highways Code, the Director of Streets and Parks may, in his or her discretion and for sufficient cause, extend the period within which required maintenance and repair of sidewalk areas must commence by a period of not to exceed ninety days from the time the notice referred to in said Section 5614 is given.

The property owner required by this section to maintain and repair the sidewalk area shall owe a duty to members of the public to keep and maintain the sidewalk area in a safe and nondangerous condition. If, as a result of the failure of any property owner to maintain the sidewalk area in a nondangerous condition as required by this section, any person suffers injury or damage to person or property, the property owner shall be liable to such person for the resulting damages or injury. [Ord. 264, 2009; Ord. 252 § 6.18.5, 2004.]

ORDINANCE NO. 384-2021



**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIO DELL AMENDING THE
EXISTING STREET DEDICATION AND IMPROVEMENT REGULATIONS,
SECTION 17.30.310(2) AND (6), OF THE RIO DELL MUNICIPAL CODE.**

WHEREAS, staff recently discovered that the City's Street Dedication and Improvement Regulations, Section 17.30.310 of the Rio Dell Municipal Code (RDMC), apply to private streets as well as public streets; and

WHEREAS, these regulations require the irrevocable dedication of land and construction of street, curb, gutter and sidewalk improvements; and

WHEREAS, under the current regulations, the Planning Commission or City Council may waive the dedication and required improvements; and

WHEREAS, historically the Public Works Director has actually waived dedication and/or improvement requirements and/or has required that the owners enter into a Deferred Improvement Agreement; and

WHEREAS, the proposed amendment will reflect the process that has historically been in place; and

WHEREAS, the City has reviewed and processed the proposed text amendment in conformance with Sections 65350 – 65362 of the California Government Code; and

WHEREAS, the City has reviewed and processed the proposed amendments in conformance with Section 17.35.010 of the City of Rio Dell Municipal Code; and

WHEREAS, the City finds that based on evidence on file and presented in the staff report that the proposed amendments are in the public interest and consistent and compatible with the General Plan and any implementation programs that may be affected; and

WHEREAS the proposed amendments have been processed in accordance with the applicable provisions of the California Government Code and the California Environmental Quality Act (CEQA); and

WHEREAS, based on the minor nature of the text amendments, staff believes that the text amendments are Statutorily Exempt pursuant to Section 15061(b) (3) of the CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations. Pursuant to Section 15061(b) (3) of the CEQA Guidelines this exemption is covered by the general rule that CEQA applies only to projects which have the potential for causing a *significant* effect on the environment. Where it can be seen with certainty that there is no possibility that the project in question may have a significant effect on the environment, the project is not subject to CEQA.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Rio Dell finds that:

1. The proposed amendments are in the public interest and consistent with the General Plan and any applicable specific plan; and
2. Based on the minor nature of the text amendments, the proposed amendments are Statutorily Exempt pursuant to Section 15061(b) (3) of the CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council of the City of Rio Dell does hereby ordain as follows:

Section 1. Sections 17.30.310(2) and (6) are hereby amended as follows:

(2) Requirement – Private Streets. The provisions of subsection (1)(a)(ii) of this section shall apply to lots or parcels abutting a private street or road right-of-way established by recorded document or easement, with the exception that the ~~City Planning Commission or City Council~~ [Public Works Director](#) may, in lieu of requiring a dedication as hereinafter provided, require an irrevocable offer of dedication which shall be recorded and shall not become a part of the City street system until therefore accepted into the City's street system by resolution of the City Council. The ~~Commission or City Council~~, [Public Works Director](#) as the case may be, may waive the dedication requirement of this section where it is found and determined that there is little likelihood that the remaining right-of-way adjacent to other lots or parcels in the area will be acquired for the public use and that the acquisition of said right-of-way in connection with the proposed improvements to any given parcel would be of no public benefit

(6) Waiver. The ~~Planning Commission~~ [Public Works Director](#) may [approve](#) ~~recommend to the City Council~~, upon determination of hardship, other than financial hardship, by

reason of unusual circumstances applicable to the owner of any parcel of property subject to the provisions of this section, a waiver of any and all provisions of this section.

Section 2. Severability

If any provision of the ordinance is invalidated by any court of competent jurisdiction, the remaining provisions shall not be affected and shall continue in full force and effect.

Section 3. Limitation of Actions

Any action to challenge the validity or legality of any provision of this ordinance on any grounds shall be brought by court action commenced within ninety (90) days of the date of adoption of this ordinance.

Section 4. Effective Date

This ordinance becomes effective thirty (30) days after adoption.

I HEREBY CERTIFY that the forgoing Resolution was PASSED and ADOPTED at a regular meeting of the City Council of the City of Rio Dell on April 6, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Debra Garnes, Mayor

ATTEST:

I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above and foregoing to be a full, true and correct copy of Ordinance No. 384-2021 which was adopted by the Planning Commission of the City of Rio Dell on April 6, 2021.

Karen Dunham, City Clerk, City of Rio Dell


675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532



For Meeting of: April 6, 2021

☐ Consent Item; ☒ Public Hearing Item

To: City Council

From: Kevin Caldwell, Community Development Director 

Through: Kyle Knopp, City Manager

Date: March 29, 2021

Subject: Text Amendment; Maximum Lot Coverage in the Rural Designation

Recommendation:

That the City Council:

1. Receive staff's presentation introducing for the first reading of Ordinance No. 385-2021 amending Section/Table 17.20.070, of the Rio Dell Municipal Code and Resolution No. 1484-2021 amending Table 1-2 of the Land Use Plan, to exclude agricultural structures in the lot coverage calculation. Owners/operators of commercial cannabis greenhouses with concrete slab floors will be required to execute a Surety Performance Bond for the removal of all but one of the approved greenhouses after two years of no commercial use of the structures; and
2. Open public hearing and receive public comment; and
3. Close public hearing, deliberate and continue the item to your meeting of April 20, 2021 for the second reading, approval and adoption.

Background and Discussion

Staff recently discovered that the City's Rural (R) zoning and land use designation limits lot coverage to 10%. **See Attachment 1.** Staff believed the allowable lot coverage of the Rural designation was identical to the Natural Resource (NR) designation. The Natural Resource

designation requires a minimum open space of 10%, equating to maximum lot coverage of 90%.
See Attachment 2.

It should be noted that the County's Agriculture Exclusive (AE) and Agriculture General (AG) designations limit lot coverage to 35%.

It's staff's opinion that the intent of the 10% maximum lot coverage was likely intended for residential buildings on the property and not intended to apply to agricultural structures including greenhouses, barns, covered riding arenas, etc. However, because it is not clear, staff is recommending that the language be amended.

As the Commission is aware commercial cannabis activities are allowed up on the Dinsmore Plateau with a Conditional Use Permit (CUP). The vast majority of the Dinsmore Plateaus is designated Rural. Open field, outdoor cultivation is not allowed. All commercial cannabis activities must occur in a greenhouse or indoors. There are a number of commercial cannabis famers interested in permitting mixed-light greenhouse commercial cultivation up on the Dinsmore Plateau.

The Dinsmore Plateau flat comprises approximately 80 acres. A five-acre (217,800 square feet) average minimum parcel size is required for the Rural designation. The 10% maximum lot coverage limits the lot coverage to 21,780 square feet. Furthermore, assuming one developed a 2,400 square foot house, a 720 square foot garage and 720 square foot shop, which totals 3,840 square feet, the available area for agricultural structures would be further be reduced to approximately 17,940 square feet.

The required setbacks, 20 feet all around, reduce the lot coverage or buildable area by about 18%.

Applying the 10% maximum lot coverage would limit the Plateau to somewhere between 6 and 7 acres of commercial cannabis cultivation, horticulture/floriculture once the drying/processing facilities and potential residences and accessory structures are built.

Of course, the primary reason the City chose to allow commercial cannabis cultivation on the Dinsmore Plateau was to generate tax revenue.

The Planning Commission deliberated on this issue at their meeting of March 23,2021 and recommends your Council approve modifying the allowable lot coverage to exclude agricultural structures in the lot coverage calculation. The Planning Commission's recommendation is qualified to require owners/operators of commercial cannabis greenhouses with concrete slab floors will be required to execute a Surety Performance Bond for the removal of all but one of the approved greenhouses after two years of no commercial use of the structures

Procedures for Zoning Ordinance Amendments

Pursuant to Section 17.35.010 of the City of Rio Dell Municipal Code, the following City procedures are required to amend the Ordinance:

- An amendment may be initiated by one or more owners of property affected by the proposed amendment, as set out in Section 17.35.010(3), or by action of the Planning Commission, or the City Council.
- The application of one or more property owners for the initiation of an amendment shall be filed in the office of the City Clerk on a form provided, accompanied by a filing fee.
- Subject only to the rules regarding the placing of matters on the Planning Commission agenda, the matter shall be set for a public hearing.
- Notice of hearing time and place shall be published once in a newspaper of general circulation at least ten calendar days before the hearing or by posting in at least three public places.
- At the public hearing, the Planning Commission shall hear any person affected by the proposed amendment. The hearing may be continued from time to time.
- Within 40 days of the conclusion of the hearing, the Planning Commission shall submit to the City Council a written report of recommendations and reasons therefore.
- Subject only to the rules regarding the placing of matters on its agenda, the City Council, at its next regular meeting following the receipt of such report, shall cause the matter to be set for a public hearing. Notice of the time and place of the hearing shall be given as provided in Section 17.35.010(5), hereof.
- At the public hearing, the City Council shall hear any person affected by the proposed amendment. The hearing may be continued to a specified future date, but shall be concluded within 60 days of the commencement thereof.
- The City Council shall not make any substantive change in the proposed amendment until the proposed change has been referred to the Planning Commission for a report, and the Planning Commission report has been filed with the City Council.

Zone Amendment Required Findings:

1. The proposed amendment is in the public interest.

Staff believes the recommended changes are in the public interest for the following reasons:

- General agriculture, including horticulture and floriculture are desired principally permitted uses; and
- The proposed amendments will facilitate additional agricultural activities; and
- The proposed amendments will not convert prime agricultural lands from agricultural uses to non-agricultural uses; and
- The proposed amendments will facilitate additional cannabis cultivation activities, including the generation of taxes. These taxes are used for capital projects, including street and drainage improvements, police services, code enforcement economic development and other uses as determined by the City Council.

2. The proposed amendment is consistent and compatible with the General Plan and any implementation programs that may be affected.

As previously indicated the Table 1-2 of the Land Use Element of the General Plan must be amended as well. See below:

Designation	Permitted Uses	Minimum Lot Size	Open Space	Density	Building Height
Rural (R)	<ul style="list-style-type: none"> ● Agricultural uses including crop production and animal grazing. ● Residential uses including detached residential units and live-work units. ● Limited commercial uses including retail sales of items produced on the property and nurseries and greenhouses as accessory uses. ● Limited office uses including professional services in a residential building. ● Limited lodging uses including bed and breakfast inns and rooming houses in a residential unit or in an accessory building. ● Civic and cultural uses including parks. 	5 acres average	90% ¹	.2 units per net acre plus 1 secondary dwelling unit per lot	Maximum 3 stories, or 45 feet.

¹ *Open space requirements are not intended to apply to agricultural structures including greenhouses, barns, covered riding arenas, etc. All commercial cannabis cultivators will be required to submit a Surety Bond to ensure the removal of all abandoned greenhouses on concrete slabs so as not to exceed the 10% lot coverage within two years of the cessation of commercial cannabis activities.*

The proposed amendment is consistent with the following Land Use Element Policies of the General Plan:

LU-17 Strengthen and diversify the local economy and maintain and improve property values;

The proposed text amendment will certainly enhance and diversify the local economy by giving the investors a reasonable return on their investment. The value of the property is currently limited by the 10% lot coverage. For example, a five-acre parcel is currently limited to 21,780 square feet of lot coverage. About 18,000 square feet would be available for cultivation. If the proposed amendment is approved the cultivation potential increase to about 175,000 square feet. This would certainly increase property values.

LU-21 Encourage the creation and retention of employment opportunities that provide sustainable wages and benefits for Rio Dell residents by promoting a thriving local retail, personal services and commercial sector.

As previously indicated without the proposed amendment, the 10% maximum lot coverage would limit the Plateau to somewhere between 6 and 7 acres of cultivation and support facilities. The recommended amendment may increase the cultivation area to around 50 acres, creating approximately eight-times more jobs. Half-acre grows typically employ 2 full time employees. As such it is estimated that 6 or 7 acres of cultivation would employ approximately 12-15 people. If the amendment were approved and 50+/- acres were ultimately cultivated, those operations could provide around 100 full-time jobs, provided the operations were year-round mixed-light.

These jobs will not only increase local employment opportunities, but will also contribute to our local retail sector (i.e. stores, restaurants, bars, gas stations, etc.)

The only General Plan Conservation/Open Space Element contains the following Goal and Policy:

Goal CO 5.3-1

Conserve and protect working agricultural lands within and adjacent to the City.

Policy CO 5.3-1

Encourage clustered development on the Dinsmore Plateau and consider density bonuses for development on or adjacent to prime agricultural lands.

The recommended option to not include agricultural structures in the lot coverage calculation will actually increase agricultural activities on the Dinsmore Plateau.

Staff is not aware of any General Plan policies that are contrary to the recommended amendment.

3. The proposed amendments have been processed in accordance with the California Environmental Quality Act (CEQA).

The primary purpose of the California Environmental Quality Act (CEQA) is to inform the decision makers and the public of potential environmental effects of a proposed project.

Based on the nature of the project, staff has determined that the project is Exempt pursuant to Section 15061(b) (3) of the CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations. Pursuant to Section 15061(b) (3) of the CEQA Guidelines this exemption is covered by the general "Common Sense" rule that CEQA applies only to projects which have the potential for causing a **significant** effect on the environment. Based on the nature of the proposed amendment, staff believes there is no evidence that the project will result in a significant, substantial, or potentially substantial, adverse change in any of the physical conditions within the area affected by the project including land, air, water, minerals, flora, fauna, ambient noise, and objects of historic or aesthetic significance. Findings in support of the determination include:

- General agriculture, including horticulture and floriculture are desired principally permitted uses; and
- The proposed amendments will facilitate additional agricultural activities; and
- The proposed amendments will not convert prime agricultural lands from agricultural uses to non-agricultural uses; and
- The proposed amendments do not exempt potential projects from the City's Environmentally Sensitive Habitat Area (ESHA) regulations; and
- There are no mapped Streamside Management Areas on the Dinsmore Plateau flat; and
- There are two mapped wetlands on-site. One mapped wetland is actually a man-made rain catchment pond. The other mapped wetland is subject to the City's Environmentally Sensitive Habitat Area (ESHA) regulations; and
- All cannabis activities are required to obtain a Conditional Use Permit; and
- Commercial uses including retail sales of items produced on the property, nurseries and greenhouses are required to obtain a Conditional Use Permit; and

- A Cultural Resource Study (CRS) was conducted on the flat and one artifact was found. Future development may require an addendum to the CRS depending on the location and comments from the local tribes; and
- All commercial cannabis cultivators will be required to submit a Surety Bond to ensure the removal of all abandoned greenhouses on concrete slabs so as not to exceed the 10% lot coverage within two years of the cessation of commercial cannabis activities.

Attachments:

Attachment 1: Rural (R) Designation Development Standards.

Attachment 2: Natural Resource (NR) Designation Development Standards.

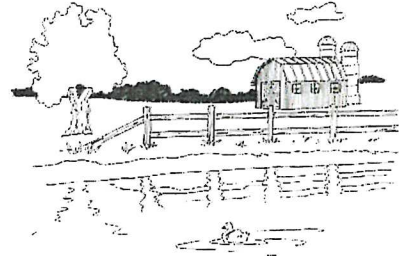
Attachment 3: Ordinance No. 385-2021 amending Section/Table 17.20.070, of the Rio Dell Municipal Code, to exclude agricultural structures in the lot coverage calculation, provided owners/operators of commercial cannabis greenhouses with concrete slab floors will be required to execute a Surety Performance Bond for the removal of all but one of the approved greenhouses after two years of no commercial use of the structures.

Attachment 4: Resolution No. 1484-2021 amending Table 1-2 of the Land Use Plan to exclude agricultural structures in the lot coverage calculation, provided owners/operators of commercial cannabis greenhouses with concrete slab floors will be required to execute a Surety Performance Bond for the removal of all but one of the approved greenhouses after two years of no commercial use of the structures

Rio Dell Municipal Code

17.20.070 Rural or R zone.

The Rural or R zone is intended to provide for agricultural and very low density residential uses. The following regulations shall apply in all Rural or R zones:



(1) Principal Permitted Uses.

- (a) General agricultural uses, including crop production and animal grazing;
- (b) Farm dwellings, including detached residential dwelling units.

(2) Uses Permitted with a Use Permit.

- (a) Commercial uses, including retail sales of items produced on the property, nurseries and greenhouses;
- (b) Lodging uses, including bed and breakfast inns and rooming and boarding houses in a residential unit or in accessory building;
- (c) Animal feed yards and sales yards;
- (d) Agricultural products processing plants;
- (e) Rental and sales of irrigation equipment and storage incidental thereto;
- (f) Animal hospitals;
- (g) Civic and cultural uses, including parks.
- (h) Uses not specifically identified, but similar to and compatible with the uses permitted in the zone.

(3) Other Regulations. See Table 17.20.070 for development standards in the Rural (R) zone.

Table 17.20.070
Development Standards in the Rural or R Zone

Site Development Standard		Zone Requirement
Minimum Lot Area:	5 acres	
Maximum Ground Coverage:	10%	
Minimum Lot Width:	100 ft.	
Minimum Yard		
Front:	20 ft.	
Rear:	20 ft.	
Side:	20 ft.	
Maximum Building Height:	3 stories or 45 feet [Ord. 252 § 4.15, 2004.]	

**Development Standards
Natural Resource or NR zone.
Section 17.20.120 RDMC**

The primary purpose of the natural resource zone is to provide natural resource protection.

(1) Principal Permitted Uses.

- (a) Resource protection;
- (b) Public recreation where compatible with resource management and protection;
- (c) Management for fish and wildlife habitat; and
- (d) Wetland/watershed restoration.

(2) Uses Permitted with a Use Permit.

- (a) Timber production (with TPZ overlay zone);
- (b) Aggregate resources production;
- (c) Visitor-serving use; and
- (d) Renewable energy development.

(3) Other Regulations. See Table 17.20.120 for development standards for the natural resource (NR) zone.

Table 17.20.120 Development Standards in the
Natural Resource or NR Zone

Site Development Standard	Zone Requirement
Minimum Lot Area:	Not applicable
Maximum Ground Coverage:	Not applicable
Floor Area Ratio (FAR):	Not applicable
Minimum Lot Width:	Not applicable
Minimum Open Space:	10%
Minimum Yard	
Front:	25 feet
Rear:	25 feet
Side:	10 feet
Maximum Building Height:	2 stories or 35 feet

[Ord. 256 § 1 (Att. B), 2008; Ord. 252 § 4.13, 2004.]

ORDINANCE NO. 385-2021



A ORDINANCE OF THE CITY COUNCIL AMENDING THE RURAL DESIGNATION DEVELOPMENT STANDARDS, SECTION/TABLE 17.20.070, OF THE RIO DELL MUNICIPAL CODE TO EXCLUDE AGRICULTURAL STRUCTURES IN THE LOT COVERAGE CALCULATION, PROVIDED THAT THE APPLICANT EXECUTES A SURETY BOND TO ENSURE THE REMOVAL OF ALL ABANDONED GREENHOUSES ON CONCRETE SLABS SO AS NOT TO EXCEED THE 10% LOT COVERAGE WITHIN TWO YEARS OF THE CESSATION OF COMMERCIAL CANNABIS ACTIVITIES.

WHEREAS, staff recently discovered that the City's Rural (R) zoning and land use designation limits lot coverage to 10%; and

WHEREAS, staff believed the allowable lot coverage of the Rural designation was identical to the Natural Resource (NR) designation; and

WHEREAS, the Natural Resource designation requires a minimum open space of 10%, equating to maximum lot coverage of 90%; and

WHEREAS, it's staff's opinion that the intent of the 10% maximum lot coverage was likely intended for residential buildings on the property and not intended to apply to agricultural structures including greenhouses, barns, covered riding arenas, etc.; and

WHEREAS, commercial cannabis activities are allowed up on the Dinsmore Plateau with a Conditional Use Permit (CUP); and

WHEREAS, the vast majority of the Dinsmore Plateaus is designated Rural; and

WHEREAS, open field, outdoor cannabis cultivation is not allowed; and

WHEREAS, all commercial cannabis activities must occur in a greenhouse or indoors; and

WHEREAS, the Dinsmore Plateau flat comprises approximately 80 acres. A five-acre (217,800 square feet) average minimum parcel size is required for the Rural designation. The 10% maximum lot coverage limits the lot coverage to 21,780 square feet; and

WHEREAS, assuming one developed a 2,400 square foot house, a 720 square foot garage and 720 square foot shop, which totals 3,840 square feet, the available area for agricultural structures would be further be reduced to approximately 17,940 square feet; and

WHEREAS, the required setbacks, 20 feet all around, reduce the lot coverage or buildable area by 39,600 square feet or about 18% on a five-acre parcel; and

WHEREAS, applying the 10% maximum lot coverage would limit the Plateau to somewhere between 6 and 7 acres of commercial cannabis cultivation, horticulture/floriculture once the drying/processing facilities and potential residences and accessory structures are built; and

WHEREAS, the primary reason the City chose to allow commercial cannabis cultivation on the Dinsmore Plateau was to generate tax revenue; and

WHEREAS the City has reviewed and processed the proposed text amendment in conformance with Sections 65350 – 65362 of the California Government Code; and

WHEREAS the City has reviewed and processed the proposed amendments in conformance with Section 17.35.010 of the City of Rio Dell Municipal Code; and

WHEREAS the City finds that based on evidence on file and presented in the staff report that the proposed amendments are in the public interest and consistent and compatible with the General Plan and any implementation programs that may be affected; and

WHEREAS the proposed amendments have been processed in accordance with the applicable provisions of the California Government Code and the California Environmental Quality Act (CEQA); and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Rio Dell finds that:

1. The proposed amendments are in the public interest and consistent with the General Plan and any applicable specific plan; and

2. The proposed amendments are Exempt pursuant to Section 15061(b) (3) of the CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations because:

- General agriculture, including horticulture and floriculture are desired principally permitted uses; and
- The proposed amendments will facilitate additional agricultural activities; and
- The proposed amendments will not convert prime agricultural lands from agricultural uses to non-agricultural uses; and
- The proposed amendments do not exempt potential projects from the City's Environmentally Sensitive Habitat Area (ESHA) regulations; and
- There are no mapped Streamside Management Areas on the Dinsmore Plateau flat; and
- There are two mapped wetlands on-site. One mapped wetland is actually a man-made rain catchment pond. The other mapped wetland is subject to the City's Environmentally Sensitive Habitat Area (ESHA) regulations; and
- All cannabis activities are required to obtain a Conditional Use Permit; and
- Commercial uses including retail sales of items produced on the property, nurseries and greenhouses are required to obtain a Conditional Use Permit; and
- A Cultural Resource Study (CRS) was conducted on the flat and one artifact was found. Future development may require an addendum to the CRS depending on the location and comments from the local tribes; and
- All agricultural operators, including cannabis cultivators will be required to submit a Surety Bond to ensure the removal of all but one of the abandoned greenhouses on concrete slabs so as not to exceed the 10% lot coverage within two years of the cessation of commercial cannabis activities.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council of the City of Rio Dell does hereby ordain as follows:

Section 1.

Section 17.20.070, Table 17.20.020 of the Rio Dell Municipal Code is hereby amended as follows:

Table 17.20.070 Development Standards in the Rural or R Zone	
Site Development Standard	Zone Requirement
Minimum Lot Area:	5 acres
Maximum Ground Coverage:	10% ¹
Minimum Lot Width:	100 ft.
Minimum Yard	
Front:	20 ft.
Rear:	20 ft.
Side:	20 ft.
Maximum Building Height:	3 stories or 45 feet [Ord. 252 § 4.15, 2004.]

¹ *Open space requirements are not intended to apply to agricultural structures including greenhouses, barns, covered riding arenas, etc. All commercial cannabis cultivators will be required to submit a Surety Bond to ensure the removal of all but one of the abandoned greenhouses on concrete slabs so as not to exceed the 10% lot coverage within two years of the cessation of commercial cannabis activities.*

Section 2. Severability

If any provision of the ordinance is invalidated by any court of competent jurisdiction, the remaining provisions shall not be affected and shall continue in full force and effect.

Section 3. Limitation of Actions

Any action to challenge the validity or legality of any provision of this ordinance on any grounds shall be brought by court action commenced within ninety (90) days of the date of adoption of this ordinance.

Section 4. Effective Date

This ordinance becomes effective thirty (30) days after adoption.

I HEREBY CERTIFY that the forgoing Ordinance was PASSED and ADOPTED at a regular meeting of the City Council of the City of Rio Dell on April 20, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Debra Garnes, Mayor

ATTEST:

I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above and foregoing to be a full, true and correct copy of Ordinance No. 385-2021 which was approved and adopted by the City Council of the City of Rio Dell on April 20, 2021.

Karen Dunham, City Clerk, City of Rio Dell

RESOLUTION NO. 184-2021



A RESOLUTION OF THE CITY COUNCIL AMENDING THE EXISTING RURAL GENERAL PLAN LAND USE DESIGNATION TABLE 1-2 OF THE LAND USE PLAN, TO EXCLUDE AGRICULTURAL STRUCTURES IN THE LOT COVERAGE CALCULATION, PROVIDED THAT THE APPLICANT EXECUTES A SURETY BOND TO ENSURE THE REMOVAL OF ALL ABANDONED GREENHOUSES ON CONCRETE SLABS SO AS NOT TO EXCEED THE 10% LOT COVERAGE WITHIN TWO YEARS OF THE CESSATION OF COMMERCIAL CANNABIS ACTIVITIES.

WHEREAS, staff recently discovered that the City's Rural (R) zoning and land use designation limits lot coverage to 10%; and

WHEREAS, staff believed the allowable lot coverage of the Rural designation was identical to the Natural Resource (NR) designation; and

WHEREAS, the Natural Resource designation requires a minimum open space of 10%, equating to maximum lot coverage of 90%; and

WHEREAS, it's staff's opinion that the intent of the 10% maximum lot coverage was likely intended for residential buildings on the property and not intended to apply to agricultural structures including greenhouses, barns, covered riding arenas, etc.; and

WHEREAS, commercial cannabis activities are allowed up on the Dinsmore Plateau with a Conditional Use Permit (CUP); and

WHEREAS, the vast majority of the Dinsmore Plateaus is designated Rural; and

WHEREAS, open field, outdoor cannabis cultivation is not allowed; and

WHEREAS, all commercial cannabis activities must occur in a greenhouse or indoors; and

WHEREAS, the Dinsmore Plateau flat comprises approximately 80 acres. A five-acre (217,800 square feet) average minimum parcel size is required for the Rural designation. The 10% maximum lot coverage limits the lot coverage to 21,780 square feet; and

WHEREAS, assuming one developed a 2,400 square foot house, a 720 square foot garage and 720 square foot shop, which totals 3,840 square feet, the available area for agricultural structures would be further be reduced to approximately 17,940 square feet; and

WHEREAS, the required setbacks, 20 feet all around, reduce the lot coverage or buildable area by 39,600 square feet or about 18% on a five-acre parcel; and

WHEREAS, applying the 10% maximum lot coverage would limit the Plateau to somewhere between 6 and 7 acres of commercial cannabis cultivation, horticulture/floriculture once the drying/processing facilities and potential residences and accessory structures are built; and

WHEREAS, the primary reason the City chose to allow commercial cannabis cultivation on the Dinsmore Plateau was to generate tax revenue; and

WHEREAS the City has reviewed and processed the proposed text amendment in conformance with Sections 65350 – 65362 of the California Government Code; and

WHEREAS the City has reviewed and processed the proposed amendments in conformance with Section 17.35.010 of the City of Rio Dell Municipal Code; and

WHEREAS the City finds that based on evidence on file and presented in the staff report that the proposed amendments are in the public interest and consistent and compatible with the General Plan and any implementation programs that may be affected; and

WHEREAS the proposed amendments have been processed in accordance with the applicable provisions of the California Government Code and the California Environmental Quality Act (CEQA); and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Rio Dell finds that:

1. The proposed amendments are in the public interest and consistent with the General Plan and any applicable specific plan; and

2. The proposed amendments are Exempt pursuant to Section 15061(b) (3) of the CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations because:

- General agriculture, including horticulture and floriculture are desired principally permitted uses; and
- The proposed amendments will facilitate additional agricultural activities; and
- The proposed amendments will not convert prime agricultural lands from agricultural uses to non-agricultural uses; and
- The proposed amendments do not exempt potential projects from the City's Environmentally Sensitive Habitat Area (ESHA) regulations; and
- There are no mapped Streamside Management Areas on the Dinsmore Plateau flat; and
- There are two mapped wetlands on-site. One mapped wetland is actually a man-made rain catchment pond. The other mapped wetland is subject to the City's Environmentally Sensitive Habitat Area (ESHA) regulations; and
- All cannabis activities are required to obtain a Conditional Use Permit; and
- Commercial uses including retail sales of items produced on the property, nurseries and greenhouses are required to obtain a Conditional Use Permit; and
- A Cultural Resource Study (CRS) was conducted on the flat and one artifact was found. Future development may require an addendum to the CRS depending on the location and comments from the local tribes; and
- All agricultural operators, including cannabis cultivators will be required to submit a Surety Bond to ensure the removal of all but one of the abandoned greenhouses on concrete slabs so as not to exceed the 10% lot coverage within two years of the cessation of commercial cannabis activities.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council of the City of Rio Dell hereby amends the Rural General Plan Land Use designation, Table 1-2 of the Land Use Plan as shown, to exclude agricultural structures in the lot coverage calculation, provided that the applicant executes a Surety Bond to ensure the removal of all abandoned greenhouses on

concrete slabs so as not to exceed the 10% lot coverage within two years of the cessation of commercial cannabis activities.

Table 1-2 of the Land Use Element of the General Plan

Designation	Permitted Uses	Minimum Lot Size	Open Space	Density	Building Height
Rural (R)	<ul style="list-style-type: none"> ● Agricultural uses including crop production and animal grazing. ● Residential uses including detached residential units and live-work units. ● Limited commercial uses including retail sales of items produced on the property and nurseries and greenhouses as accessory uses. ● Limited office uses including professional services in a residential building. ● Limited lodging uses including bed and breakfast inns and rooming houses in a residential unit or in an accessory building. ● Civic and cultural uses including parks. 	5 acres average	90% ¹	.2 units per net acre plus 1 secondary dwelling unit per lot	Maximum 3 stories, or 45 feet.

¹ Open space requirements are not intended to apply to agricultural structures including greenhouses, barns, covered riding arenas, etc. All commercial cannabis cultivators will be required to submit a Surety Bond to ensure the removal of all but one of the abandoned greenhouses on concrete slabs so as not to exceed the 10% lot coverage within two years of the cessation of commercial cannabis activities.

BE IT FURTHER RESOLVED that the amendment will become effective 30 days after approval and adoption of Ordinance No. 385-2021.

I HEREBY CERTIFY that the forgoing Resolution was PASSED and ADOPTED at a regular meeting of the City Council of the City of Rio Dell on April 6, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Debra Garnes, Mayor

ATTEST:

I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above and foregoing to be a full, true and correct copy of Resolution No. 184-2021 which was adopted by the City Council of the City of Rio Dell on April 6, 2021.

Karen Dunham, City Clerk, City of Rio Dell


675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532



For Meeting of: April 6, 2021

☐ Consent Item; ☒ Public Hearing Item

To: City Council

From: Kevin Caldwell, Community Development Director 

Through: Kyle Knopp, City Manager

Date: March 29, 2021

Subject: Establishment of Industrial Hemp Regulations banning the cultivation of Industrial Hemp in the City, Section 17.30.180 of the Rio Dell Municipal Code and Renumbering General Provisions and Exceptions, Sections 17.30.010 – 17.30.370 to Accommodate the Proposed Industrial Hemp Regulations.

Recommendation:

That the City Council:

1. Receive staff's presentation introducing for the first reading Ordinance No. 386-2021 establishing Industrial Hemp Regulations, banning the cultivation of Industrial Hemp in the City, Section 17.30.180 of the Rio Dell Municipal Code and Renumbering General Provisions and Exceptions, Sections 17.30.010 – 17.30.370 to accommodate the proposed Industrial Hemp Regulations; and
2. Open public hearing and receive public comment; and
3. Close public hearing, deliberate and continue the item to your meeting of April 20, 2021 for the second reading, approval and adoption.

Background and Discussion

New Federal law allowing cultivation of Industrial Hemp in 2018 was viewed by many locally as a potential new market for cannabis farmers to participate in, particularly small legacy cannabis

farmers who opted out of the commercial cannabis industry due to the regulatory burdens and high costs of permitting.

The County of Humboldt recently adopted a ban on industrial hemp, primarily due to cannabis farmer's concerns regarding cross pollination and the introduction of new pests and pathogens.

Apparently, James Cortazar made application and received approval from the County's Agricultural Department, which regulates industrial hemp, for twenty (20) acres of cultivation of industrial hemp on the Dinsmore Plateau. Staff reached out to the owners of the one permitted farm, Rio's Diamond Farms and others who were either in the permitting process, were about to make application or were/are considering pursuing commercial cannabis permits on the Dinsmore Plateau. All expressed concerns regarding the possibility of cross pollination and the introduction of new pests and pathogens.

The County's Agricultural Department recently informed staff of a loophole in the Federal hemp regulations regarding Delta 8. Delta-8-Tetrahydrocannabinol is a **psychoactive** cannabinoid found in the cannabis plant. It is an isomer of Delta-9-Tetrahydrocannabinol, the compound commonly known as THC. Apparently, Mr. Cortazar is processing and selling Delta 8 hemp products through their website, icannbe.com. See **Attachment 1**. Staff has included two recent articles regarding Delta 8, one from the New York Times and one from POLITICO. See **Attachments 2 and 3**.

As indicated above, cross-pollination is major issue to cannabis farmers. Staff has attached a recent article from the March 2021 Marijuana Business Magazine. See **Attachment 4**. In addition, to our local farmers expressing concern, the Humboldt County Growers Alliance (HCGA) has expressed concerns regarding hemp cultivation in the City.

As the City Council is aware, commercial cannabis cultivation is having a very positive impact on the City's financial resources. Staff shares the same concerns regarding cross pollination and the introduction of new pests and pathogens. An accidental cross pollination or the introduction of new pests and pathogens could have a tremendous negative impact on our local farmers, likely affecting their ability to pay their taxes. In addition, given the apparent loophole regarding Delta 8, staff is recommending that the City adopt a ban on industrial hemp.

The Planning Commission recommended unanimously that the City adopt a ban on Industrial Hemp at this time.

Procedures for Zoning Ordinance Amendments

Pursuant to Section 17.35.010 of the City of Rio Dell Municipal Code, the following City procedures are required to amend the Ordinance:

- An amendment may be initiated by one or more owners of property affected by the proposed amendment, as set out in Section 17.35.010(3), or by action of the Planning Commission, or the City Council.

- The application of one or more property owners for the initiation of an amendment shall be filed in the office of the City Clerk on a form provided, accompanied by a filing fee.
- Subject only to the rules regarding the placing of matters on the Planning Commission agenda, the matter shall be set for a public hearing.
- Notice of hearing time and place shall be published once in a newspaper of general circulation at least ten calendar days before the hearing or by posting in at least three public places.
- At the public hearing, the Planning Commission shall hear any person affected by the proposed amendment. The hearing may be continued from time to time.
- Within 40 days of the conclusion of the hearing, the Planning Commission shall submit to the City Council a written report of recommendations and reasons therefore.
- Subject only to the rules regarding the placing of matters on its agenda, the City Council, at its next regular meeting following the receipt of such report, shall cause the matter to be set for a public hearing. Notice of the time and place of the hearing shall be given as provided in Section 17.35.010(5), hereof.
- At the public hearing, the City Council shall hear any person affected by the proposed amendment. The hearing may be continued to a specified future date, but shall be concluded within 60 days of the commencement thereof.
- The City Council shall not make any substantive change in the proposed amendment until the proposed change has been referred to the Planning Commission for a report, and the Planning Commission report has been filed with the City Council.

Zone Amendment Required Findings:

1. The proposed amendment is in the public interest.

Staff believes the recommended changes are in the public interest for the following reasons:

- A ban would protect our cannabis farmers from potential of cross pollination and the introduction of new pests and pathogens that would adversely impact our farmers crops and investments; and
- An accidental cross pollination or the introduction of new pests or pathogens could have a tremendous negative impact on our local farmers, likely affecting their ability to pay their taxes, affecting the City's expected tax revenue.

- The apparent loophole in the 2018 Federal Farm Bill regarding Delta 8, and its psychoactive compound.

2. The proposed amendment is consistent and compatible with the General Plan and any implementation programs that may be affected.

There are no policies which are in conflict with the recommended ban on cultivation of industrial hemp in the City.

3. The proposed amendments have been processed in accordance with the California Environmental Quality Act (CEQA).

The primary purpose of the California Environmental Quality Act (CEQA) is to inform the decision makers and the public of potential environmental effects of a proposed project. This project is exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to Sections 15050(c)(2) and 15060(c)(3) of the CEQA Guidelines, which states an activity is not subject to CEQA when it will not result in a physical change to the environment either directly or indirectly.

Attachments

Attachment 1: Snip of ICANNBE.com website page offering for sale Delta 8 products.

Attachment 2: New York Times Delta 8 article dated February 27, 2021.

Attachment 3: POLITICO Delta 8 article dated March 27, 2021.

Attachment 4: Cannabis – Hemp article from the March 2021 Marijuana Business Magazine.

Attachment 5. Ordinance No. 386-2021 establishing Industrial Hemp Regulations, banning the cultivation of Industrial Hemp in the City, Section 17.30.180 of the Rio Dell Municipal Code and Renumbering General Provisions and Exceptions, Sections 17.30.010 – 17.30.370 to accommodate the proposed Industrial Hemp Regulations.



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DS Daily Moisturizing Lotion by iCannBe

★★★★★

Price: \$76.00

Add to cart



DS Tincture

Price: \$44.00

Add to cart



Do Si Dee Delta-8 High-Potency Concentrate Vape Cartridge by iCannBe

★★★★★

Price: \$44.00

Add to cart



iCannBe Heavyweight T-shirt

Price: \$19.00

Add to cart



iCannBe Heavyweight Zip Hoodie

Price: \$39.00

Add to cart



iCannBe Poster

Price: \$19.00

Add to cart



OG Kush Delta-8 High-Potency Concentrate Vape Cartridge by iCannBe

Price: \$44.00

Add to cart

Most Popular

DS Daily Moisturizing Lotion by iCannBe

★★★★★

Price: \$76.00

Do Si Dee Delta-8 High-Potency Concentrate Vape Cartridge by iCannBe

★★★★★

Price: \$44.00

iCannBe Heavyweight T-shirt

Price: \$19.00

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New York Times



Hemp buds at the Hometown Hero CBD manufacturing facility in Austin, Texas. Credit...Tamir Kalifa for The New York Times

This Drug Gets You High, and Is Legal (Maybe) Across the Country

A once-ignored derivative of hemp has become a hot seller for people looking for a loophole around marijuana laws.

By [Matt Richtel](#)

- Feb. 27, 2021

Texas has one of the most restrictive medical marijuana laws in the country, with sales allowed only by prescription for a handful of conditions.

That hasn't stopped Lukas Gilkey, chief executive of [Hometown Hero CBD](#), based in Austin, Texas. His company sells joints, blunts, gummy bears, vaping devices and tinctures that offer a recreational high. In fact, business is booming online as well, where he sells to many people in other states with strict marijuana laws.

New York times Article on Delta 8 February 27, 2021

But Mr. Gilkey says that he is no outlaw, and that he's not selling marijuana, just a close relation. He's offering products with a chemical compound — Delta-8-THC — extracted from hemp. It is only slightly chemically different from Delta 9, which is the main psychoactive ingredient in marijuana.

And that small distinction, it turns out, may make a big difference in the eyes of the law. Under federal law, psychoactive Delta 9 is explicitly outlawed. But Delta-8-THC from hemp is not, a loophole that some entrepreneurs say allows them to sell it in many states where hemp possession is legal. The number of customers “coming into Delta 8 is staggering,” Mr. Gilkey said.

“You have a drug that essentially gets you high, but is fully legal,” he added. “The whole thing is comical.”

The rise of Delta 8 is a case study in how industrious cannabis entrepreneurs are pulling apart hemp and marijuana to create myriad new product lines with different marketing angles. They are building brands from a variety of potencies, flavors and strains of THC, the intoxicating substance in cannabis, and of CBD, the nonintoxicating compound that is often sold as a health product.

With Delta 8, entrepreneurs also believe they have found a way to take advantage of the country's fractured and convoluted laws on recreational marijuana use. It's not quite that simple, though. Federal agencies, including the Drug Enforcement Administration, are still considering their options for enforcement and regulation.

“Dealing in any way with Delta-8 THC is not without significant legal risk,” said Alex Buscher, a Colorado lawyer who specializes in cannabis law.

Still, experts in the cannabis industry said Delta 8 sales had indeed exploded. Delta 8 is “the fastest growing segment” of products derived from hemp, said Ian Laird, chief financial officer of New Leaf Data Services, which tracks the hemp and cannabis markets. He estimated consumer sales of at least \$10 million, adding, “Delta 8 has really come out of nowhere over the past year.”

Marijuana and hemp are essentially the same plant, but marijuana has higher concentrations of Delta-9 THC — and, as a source of intoxication, it has been a main focus of entrepreneurs, as well as state and federal lawmakers. Delta 8, if discussed at all, was an esoteric, less potent byproduct of both plants.

That changed with the [2018 Farm Bill](#), an enormous piece of federal legislation that, among other things, [legalized widespread hemp farming and distribution](#). The law also specifically allowed the sale of the plant's byproducts — the only exception was Delta 9 with a high-enough level of THC to define it as marijuana.

Because the legislation made no mention of Delta 8, entrepreneurs leapt into the void and began extracting and packaging it as a legal edible and smokable alternative.

Precisely what kind of high Delta 8 produces depends on whom you ask. Some think of it as “marijuana light,” while others “are pitching it as pain relief with less psychoactivity,” said David Downs, senior content editor for [Leafly.com](https://www.leafly.com), a popular source of news and information about cannabis.

Either way, Delta 8 has become “extremely ascendant,” Mr. Downs said, reflecting what he calls “prohibition downfall interregnum,” where consumer demand and entrepreneurial activity are exploiting the holes in rapidly evolving and fractured law.

“We’re getting reports that you can walk into a truck stop in prohibition states like Georgia where you’re looking at what looks like a cannabis bud in a jar,” Mr. Downs said. The bud is hemp sprayed with high-concentration Delta 8 oil.

Joe Salome owns the [Georgia Hemp Company](https://www.georgiahempcompany.com), which in October started selling Delta 8 locally and shipping nationally — about 25 orders a day, he said. “It’s taken off tremendously.”

His website heralds Delta 8 as “very similar to its psychoactive brother THC,” giving users the same relief from stress and inflammation, “without the same anxiety-producing high that some can experience with THC.”

Mr. Salome said that he didn’t need to buy an expensive state license to sell medical marijuana because he felt protected by the farm bill.

“It’s all right there,” he said, explaining it’s now legal to “sell all parts of the plant.”

The legal landscape is contradictory at best. Many states are more permissive than the federal government, which under the Controlled Substances Act considers marijuana an illegal and highly dangerous drug. In [36 states](#), marijuana is legal for [medicinal use](#). In [14 states](#), it’s legal for recreational use.

But in a flip, under the farm bill, the federal government opened the door for the sale of hemp products even in states that haven’t legalized the recreational use of marijuana. Only a few states, like Idaho, ban hemp altogether, but in others, entrepreneurs of Delta 8 are finding a receptive market.

Lawyers for Mr. Gilkey believe the farm bill is on their side. “Delta 8, if it is derived from hemp, or extracted from hemp, that is considered hemp,” said Andrea Steel, co-chair of the cannabis business group at Coats Rose, a Houston law firm. She emphasized that the legality also depends on whether Delta 9 exceeds legal limits.

Ms. Steel noted that when making a Delta 8 product, it can be hard, if not impossible, to filter out all the Delta 9 from hemp.

“Adding another wrinkle,” she said, “a lot of labs do not have the capability of delineating between Delta 8 and Delta 9.”

Lisa Pittman, the other co-chair of the cannabis business group at Coats Rose, said that in her reading of the issue, the authors of the farm bill may not have contemplated the consequences of the law.

Ms. Pittman said that the ultimate question of a product's legality may be dependent on other factors, including how the Delta 8 is produced and sourced. Specifically, the lawyers said, the D.E.A.'s rule on the issue seems to suggest that Delta 8 could be illegal if it is made "synthetically" rather than derived organically.

There are currently lawsuits pending over interpretation of the D.E.A. rule.

Mr. Gilkey said he had paid upward of \$50,000 in legal fees to make sure that he will not run afoul of the law. A veteran of the U.S. Coast Guard, Mr. Gilkey worked in a counternarcotics unit on boats out of San Diego. He "saw some really tough stuff," he said, and "wasn't happy about the war on drugs."

He wound up running a business in Austin that sold e-liquid for vaping devices. Then in 2019, he started his current business focused on selling CBD. Late last spring, he said, he started getting calls from customers about Delta 8.

"I said, please explain to me what that is," he recalled. Mr. Gilkey, whose company supplies other retail shops around the country with products, saw a huge opportunity. After checking with the lawyers, he started full-scale packaging gummies and vape pens and other products using Delta 8 he said he got from a major hemp supplier.

"It's about to go mainstream," he said. And it's just the beginning. "There's a Delta 10 in the works."

Matt Richtel is a best-selling author and Pulitzer Prize-winning reporter based in San Francisco. He joined The Times staff in 2000, and his work has focused on science, technology, business and narrative-driven storytelling around these issues. [@mrichtel](#)

A version of this article appears in print on March 1, 2021, Section A, Page 1 of the New York edition with the headline: Not Quite Pot, This High Slips Past Most Bans. [Order Reprints](#) | [Today's Paper](#) | [Subscribe](#)

POLITICO

Cannabis

High anxiety over federal weed loophole

A seeming loophole in federal law is allowing people to buy products designed to get them high.



While many industry observers posit that Delta-8's rise can be attributed to consumers in states that haven't legalized marijuana, hemp businesses see a lot of sales even in states that are home to adult-use marijuana markets. | Susan Montoya Brya/AP Photo

By MONA ZHANG

03/27/2021 07:00 AM EDT

Paul ImOberstag's small hemp farm in Banner, Ill., survived the bottoming out of prices in the CBD market and the pandemic.

Then, Delta-8 THC came along.

In the span of a few months, Banner Harvest went from selling about 15 pounds of CBD-rich hemp flower a month to "basically zero" pounds. The reason: All of the wholesale customers were now stocking Delta-8 THC, a close cousin of the chief psychoactive compound in marijuana, Delta-9 THC.

Delta-8's meteoric rise is reminiscent of the early days of the CBD boom. Seemingly overnight, the products were on the shelves of gas stations, vape shops and numerous e-commerce outlets.

But there's one big difference: Delta-8 products are being marketed as a "legal" way for people to get stoned.

The cannabinoid's rise has deeply divided the hemp industry and its advocates. Some hemp producers are staying away, fearful that a crackdown is imminent. Others are hoping to exploit the regulatory gray area to rake in cash.

Entrepreneurs like Jeff Gray and Josh Wurzer of SC Labs, a cannabis testing facility in California, worry that the Delta-8 trend is another vaping crisis waiting to happen. Starting in 2019, nearly 3,000 people were hospitalized and 68 died due to lung illnesses that were largely connected to illegal marijuana vaping products.

"States are behind the eight ball on this one," Wurzer said. "This is taking the CBD and synthesizing a new compound using other chemicals that can introduce contamination and byproducts that are harmful."

What exactly is Delta-8?

Delta-8 THC is an isomer of Delta-9 THC, the compound responsible for marijuana's intoxicating effects. That means the two are largely the same compound, with slight atomic differences. The vast majority of Delta-8 products aren't extracted from cannabis. Instead, producers convert plant-derived CBD into Delta-8 THC using a chemical process called isomerization. The process combines CBD with a solvent, acid and heat to cause the reaction that turns CBD into THC.

"Cannabis is cleaner than the water you drink, it's so heavily tested," said Gray, referring to California's regulated marijuana market. But Delta-8 is a "highly unregulated industry. There aren't clear requirements."

When Congress passed the 2018 farm bill legalizing hemp, it was eager to distinguish the crop from marijuana. Hemp and marijuana are the same species of plant, *cannabis sativa* L., but hemp can't contain more than 0.3 percent THC. The distinction is legal, not scientific.

"It's not clear whether [Delta-8 THC products] are illegal under the 2018 farm bill," said Jonathan Miller, general counsel for the U.S. Hemp Roundtable. "It is clear that it violates the spirit of the law."

Hemp proponents in Congress like Senate Minority Leader Mitch McConnell "support hemp but do not support intoxicating products," Miller said.

McConnell's office did not respond to a request for comment.

The compound might run afoul of the DEA's interim final rule on hemp, meant to address the 2018 farm bill removing the crop as a federally controlled substance. The rule emphasizes that "synthetically derived tetrahydrocannabinols" remain controlled substances. But there's no agreed upon definition of what "synthetically derived" means.

The DEA declined to comment on the legality of Delta-8 until it finalizes its hemp interim final rule. "We are in the process of reviewing thousands of comments and do not speculate on what could happen as a result," a spokesperson for the DEA said.

Market expansion

The CBD boom of last year led to plummeting prices and a huge glut of CBD isolate in the hemp industry. The Delta-8 trend is giving "processors an outlet for large inventories of CBD isolate they built up," said Ian Laird, chief financial officer at Hemp Benchmarks.

It's attractive for processors and retailers alike as the compound is more profitable than CBD. In January, Delta-8 cost about \$1,400 per kilogram, while CBD isolate was selling for about \$550 per kilogram.

While it's hard to determine the size of the market since much of Delta-8 sales occur online through untracked channels, Hemp Benchmarks estimates at least \$10 million in sales during the last six months.

"It is the fastest growing segment," Laird said.

While many industry observers posit that Delta-8's rise can be attributed to consumers in states that haven't legalized marijuana, hemp businesses see a lot of sales even in states that are home to adult-use marijuana markets.

The reasons are numerous: State-licensed marijuana businesses are highly regulated and subject to taxes. Delta-8 products do not have that same level of regulatory oversight or tax burden, reducing costs for consumers. People can order products online and get them shipped by mail — off limits for marijuana

While some hemp retailers are seeing minimal effects of the rise in Delta-8 on their CBD sales, small hemp farmers like ImOberstag and Heath Scott are taking much bigger hits. ImOberstag started making Delta-8 products after nearly all of his wholesale customers said they were only interested in purchasing them. Scott, who runs 7 Point Farm & Apothecary in Tennessee, said he's seen a 50 percent drop in sales of CBD products.

Scott is staying away from the compound for now. He has struggled with bank account closures and payment processing issues, and fears that getting into Delta-8 will only exacerbate those challenges.

Then, there's the regulatory uncertainty. The hemp industry must deal with ever-shifting regulations, and Scott is worried that a regulatory change is imminent.

"How do you invest in something that is so shaky?" he wondered. "It's legal, until it's not."

Still, he believes that Delta-8 is more than a passing fad.

"I think it has benefits," he said. "Give us some rules that we can work with."

A challenge for regulators

The call for regulations is a familiar refrain in the CBD industry, which has been begging the FDA to offer regulatory clarity. But it's not an easy task for regulators: There's still much unknown about the chemical process of turning CBD into Delta-8.

"It isn't just a clean one-to-one conversion," said Steven Crowley, compliance specialist at the Oregon Liquor Control Commission. "Fifteen to 30 percent is unknown byproducts."

And not only are there unknown byproducts, producers who cut corners or who simply don't know better may introduce impurities from the solvents and acids used in the process.

Another issue is the addition of flavoring additives or diluents, said TJ Sheehy, director of data and analytics for the OLCC.

The agency issued new rules around additives in the wake of the vaping crisis, which take effect in April. "None of that affects corner store sales of Delta-8 products," Sheehy explained. "It's a black box that is being filled with anecdotal user experiences as opposed to actual science."

Then, there is the issue of a lack of standardization of lab tests. "If I took [a hemp product] to 16 different labs, I'm probably going to get 16 different results," ImOberstag said.

Lab shopping occurs in both the hemp and state-regulated marijuana industries, industry officials say, with producers choosing labs that are more likely to give favorable results.

"If I got a [certificate of analysis] from Colorado, what happens if someone here [in Illinois] buys it and gets arrested... and the police test it?" he said.

ImOberstag recently found a DEA-licensed lab in Florida in hopes that the stringent requirements will result in the most accurate results for his Delta-8 products. "I'm trying to find some way to be as legit as I possibly can," he said.

What's next?

The issue has regulators worried about not only consumer safety for adults, but also sales to minors. The OLCC initiated rulemaking for Delta-8 THC last week. The details are still up in the air, but regulators want to ensure at least some level of purity in these products.

Regulated marijuana producers are also expressing concerns about a product that competes with their industry, but lacks lab testing requirements. The Michigan Cannabis Manufacturers Association on Monday called for marijuana regulators to oversee Delta-8 products, describing their sales as "an immediate health threat to all Michiganders."

Delta-8 will likely prompt a “new iteration of the patchwork of state hemp laws,” said Shawn Hauser, chair of the hemp and cannabinoids practice at the law firm Vicente Sederberg.

Lawmakers in several states are starting to turn their attention to such products.

In Oklahoma, for example, there’s a bill that would include Delta-8 THC under the definition of “marijuana.” A Florida bill would regulate the sale of Delta-8 products and provide age limits and other restrictions. A California bill proposes taxes and labeling requirements on products that are psychoactive and not naturally extracted from the cannabis plant.

But if history serves as any lesson, restrictions on Delta-8 THC can only lead to one thing: a boom in producing its nearly identical cousin — Delta-10 THC.

Catch My Drift?

States must take the lead in researching pollen transfer between marijuana and hemp

Hemp entrepreneurs have made an art of talking up the plant to people who hate high-THC marijuana. They're great at explaining how hemp is nonintoxicating and can accomplish great things for the planet, winning over even the biggest cannabis critics.

But the hemp industry needs a little help when it comes to communicating with state-legal marijuana operators. It's a challenge that threatens to derail hemp's renaissance before it really gets going.

We all know that new states join the marijuana industry every year. That's great news for those looking to cash in on business opportunities in new markets and climates.

But the growth of cannabis production at all THC levels—both marijuana and hemp—is causing an increasing number of conflicts that only states can solve.

The Pollen Problem

Most members of the industry know that pollen is a mortal enemy for anyone producing flower rich in cannabinoids such as THC or CBD. Cannabis plants are the lonely hearts club of the plant world; they crank out the most cannabinoids and terpenes when people remove the male plants and leave the females unpollinated.

Because of this, it is crucial for any flower producer to ensure his

or her crops won't be exposed to unwanted pollen.

This problem is not unique to cannabis. Many crops can be damaged by unwanted pollen or pesticide drift, and the nation's land-grant universities have spent decades conducting great research on commodities such as corn and soybeans.

But when it comes to cannabis, there is precious little information about how far pollen travels. Some say 10 miles. Others say 3 miles. Some insist that pollen can travel 100 miles, depending on wind and geography.

States in the Dark


Agronomists at Michigan State University noted the scanty research on the subject in a 2019 report that called on state regulators to be more forthcoming about farm locations in order to reduce hemp-marijuana conflicts.

Too many jurisdictions still shield the locations of marijuana producers in the name of security. However, decades of state-legal marijuana cultivation have shown that growers face nuisance thefts but not the invasions by drug cartels some predicted at the outset of legalization. It's frankly silly for a state agriculture department to have no idea where marijuana is growing when it licenses hemp cultivation.

The U.S. Department of Agriculture helped fund an ongoing research

project about hemp pollen drift at Virginia Tech. But the federal government is unlikely to throw serious research firepower at cannabis pollen drift when it can instead focus on the development of low-THC cultivars.

This is where states need to step up. Instead of leaving it to private industry to develop cannabis cultivars that won't produce as much pollen—or keep guesstimating on setbacks needed between male hemp plants and female flower producers—state research institutions should prioritize pollen drift.

States will find that, by doing so, they're helping nurture two industries at once: hemp operators and state-legal marijuana growers. 

Kristen Nichols is editor of Hemp Industry Daily. She can be reached at kristen.nichols@hempindustrydaily.com.

Instead of leaving it to private industry to develop cannabis cultivars that won't produce as much pollen, state research institutions should prioritize pollen drift.



ORDINANCE NO. 386-2021



**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIO DELL
ESTABLISHING INDUSTRIAL HEMP REGULATIONS, BANNING THE CULTIVATION
OF INDUSTRIAL HEMP IN THE CITY, SECTION 17.30.180 OF THE RIO DELL
MUNICIPAL CODE AND RENUMBERING GENERAL PROVISIONS AND EXCEPTIONS,
SECTIONS 17.30.010 – 17.30.370 TO ACCOMMODATE THE PROPOSED
INDUSTRIAL HEMP REGULATIONS.**

WHEREAS, a new Federal law allowing cultivation of Industrial Hemp in 2019 was viewed by many locally as a potential new market for cannabis farmers to participate in, particularly small legacy cannabis farmers who opted out of the commercial cannabis industry due to the regulatory burdens and high costs of permitting; and

WHEREAS, the County of Humboldt recently adopted a ban on industrial hemp, primarily due to cannabis farmer's concerns regarding cross pollination and the introduction of new pests and pathogens; and

WHEREAS, a local property owner made application and received approval from the County's Agricultural Department, which regulates industrial hemp, for twenty (20) acres of cultivation of industrial hemp on the Dinsmore Plateau; and

WHEREAS, staff reached out to the owners of the one permitted farm, Rio's Diamond Farms and others who were either in the permitting process, were about to make application or were/are considering pursuing commercial cannabis permits on the Dinsmore Plateau; and

WHEREAS, all expressed concerns regarding the possibility of cross pollination and the introduction of new pests and pathogens; and

WHEREAS, commercial cannabis cultivation is having a very positive impact on the City's financial resources; and

WHEREAS, staff shares the same concerns regarding cross pollination and the introduction of new pests and pathogens; and

WHEREAS, an accidental cross pollination or the introduction of new pests and pathogens could have a tremendous negative impact on our local farmers, likely affecting their ability to pay their taxes; and

WHEREAS, the City has reviewed and processed the proposed text amendment in conformance with Sections 65350 – 65362 of the California Government Code; and

WHEREAS, the City has reviewed and processed the proposed amendments in conformance with Section 17.35.010 of the City of Rio Dell Municipal Code; and

WHEREAS the proposed amendments have been processed in accordance with the applicable provisions of the California Government Code and the California Environmental Quality Act (CEQA); and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Rio Dell finds that:

1. The proposed amendment is in the public interest.

- A ban would protect our cannabis farmers from potential of cross pollination and the introduction of new pests and pathogens that would adversely impact our farmers crops and investments; and
- An accidental cross pollination or the introduction of new pests or pathogens could have a tremendous negative impact on our local farmers, likely affecting their ability to pay their taxes, affecting the City's expected tax revenue.

2. The proposed amendment is consistent and compatible with the General Plan and any implementation programs that may be affected.

There are no policies which are in conflict with the recommended ban on cultivation of industrial hemp in the City.

3. The proposed amendments have been processed in accordance with the California Environmental Quality Act (CEQA).

The proposed amendments are exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to Sections 15050(c)(2) and 15060(c)(3) of the CEQA Guidelines, which states an activity is not subject to CEQA when it will not result in a physical change to the environment either directly or indirectly.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council of the City of Rio Dell does hereby ordain as follows:

Section 1.

Purpose of the Zoning Regulation Amendments

The Rio Dell Municipal Code is hereby amended to establish Industrial Hemp regulations and rennumbers Chapter 17.30, General Provisions and Exceptions, to accommodate the Industrial Hemp regulations.

Section 2. Industrial Hemp Land Use Regulations

Section 17.30.180, Industrial Hemp regulations, of the Rio Dell Municipal Code is hereby established as follows:

17.30.180 Industrial Hemp Land Use Regulations

(1) Purpose and Intent

The purpose of this Section is to establish land use regulations for the cultivation of Industrial Hemp and registration of Industrial Hemp cultivation sites within the Inland Area of the County of Humboldt which reduce negative impacts of Industrial Hemp Cultivation on our community and environment.

(2) Applicability and Interpretation

All facilities and activities involved in the cultivation of Industrial Hemp and registration of Industrial Hemp cultivation sites within the jurisdiction of the City of Rio Dell.

(3) Definitions

“Industrial Hemp”: A crop agricultural product, whether growing or not, that is limited to types of the plant *Cannabis sativa Linnaeus* and any part of that plant, including the seeds of the plant and all derivatives, extracts, the resin extracted from any part of the plant, cannabinoids, isomers, acids, salts, and salts of isomers, with a delta-9 tetrahydrocannabinol (THC) concentration of no more than 0.3 percent on a dry weight basis.

(4) General Provisions Applicable to Industrial Hemp Cultivation and Registration of Industrial Hemp Cultivation Sites

(a) Cultivation of Industrial Hemp by any person or entity for any purpose is expressly prohibited in all zoning districts in the City of Rio Dell. Additionally, "Established Agricultural Research Institutions" as defined in Food and Agriculture Code section 81000, are similarly prohibited from cultivating Industrial Hemp for agricultural or academic research purposes.

(b) Acceptance of any application for or issuance of a registration, permit or entitlement, or approval of any type, that authorizes the establishment, operation, maintenance, development or construction of any facility or use for the purpose of the cultivation of Industrial Hemp is expressly prohibited in all zoning districts in the City of Rio Dell.

Section 3. Sections 17.30.010 – 17.30.350 are hereby renumbered and amended as follows:

Chapter 17.30

GENERAL PROVISIONS AND EXCEPTIONS

Existing		Changes	
Section	Provision	Section	Provision
17.30.010	Applicability	17.30.010	Applicability
17.30.020	Accessory dwelling units	17.30.020	Accessory dwelling units
17.30.030	Accessory uses and buildings.	17.30.030	Accessory uses and buildings.
17.30.040	Adult entertainment.	17.30.040	Adult entertainment.
17.30.050	Airports.	17.30.050	Airports.
17.30.060	Animals and animal shelters.	17.30.060	Animals and animal shelters.
17.30.070	Assemblages of persons and vehicles.	17.30.070	Assemblages of persons and vehicles.
17.30.080	Camping.	17.30.080	Camping.
17.30.090	Commercial cannabis land use regulations.	17.30.090	Commercial cannabis land use regulations.
17.30.100	Cottage industry.	17.30.100	Cottage industry.
17.30.110	Density bonus.	17.30.110	Density bonus.

17.30.120	Emergency shelter/transitional housing regulations	17.30.120	Emergency shelter/transitional housing regulations
17.30.130	Environmentally sensitive habitat areas (ESHAs)	17.30.130	Environmentally sensitive habitat areas (ESHAs)
17.30.140	Fences, walls and screening.	17.30.140	Fences, walls and screening.
17.30.150	Flag lots.	17.30.150	Flag lots.
17.30.160	Flood zone regulations.	17.30.160	Flood zone regulations.
17.30.170	Home occupation businesses and address of convenience.	17.30.170	Home occupation businesses and address of convenience.
17.30.180	Lot size modifications.	17.30.180	Industrial hemp.
17.30.190	Manufactured/mobile homes on individual lots.	17.30.190	Lot size modifications.
17.30.200	Manufactured/mobile home park development standards.	17.30.200	Manufactured/mobile homes on individual lots.
17.30.210	Nonconforming uses.	17.30.210	Manufactured/mobile home park development standards.
17.30.220	Parking regulations.	17.30.220	Nonconforming uses.
17.30.230	Parkland dedication.	17.30.230	Parking regulations.
17.30.240	Personal cannabis cultivation regulations.	17.30.240	Parkland dedication.
17.30.250	Public uses.	17.30.250	Personal cannabis cultivation regulations.
17.30.260	Public utility buildings and uses.	17.30.260	Public uses.
17.30.270	Quasi-public uses.	17.30.270	Public utility buildings and uses.
17.30.280	Recreational vehicle park development standards.	17.30.280	Quasi-public uses.
17.30.290	Removal of natural materials.	17.30.290	Recreational vehicle park development standards.
17.30.300	Second dwelling units.	17.30.300	Removal of natural materials.
17.30.310	Signs and nameplates.	17.30.310	Second dwelling units.
17.30.320	Street dedication and improvement.	17.30.320	Signs and nameplates.
17.30.330	Swimming pools.	17.30.330	Street dedication and improvement.
17.30.340	Tract offices.	17.30.340	Swimming pools.
17.30.350	Vacation dwelling units.	17.30.350	Tract offices.
17.30.360	Yards.	17.30.360	Vacation dwelling units.
		17.30.370	Yards.

Section 4. Severability

If any provision of the ordinance is invalidated by any court of competent jurisdiction, the remaining provisions shall not be affected and shall continue in full force and effect.

Section 5. Limitation of Actions

Any action to challenge the validity or legality of any provision of this ordinance on any grounds shall be brought by court action commenced within ninety (90) days of the date of adoption of this ordinance.

Section 6. Effective Date

This ordinance becomes effective thirty (30) days after adoption.

I HEREBY CERTIFY that the forgoing Resolution was PASSED and ADOPTED at a regular meeting of the City Council of the City of Rio Dell on April 6, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Debra Garnes, Mayor

ATTEST:

I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above and foregoing to be a full, true and correct copy of Ordinance No. 384-2021 which was adopted by the Planning Commission of the City of Rio Dell on April 6, 2021.

Karen Dunham, City Clerk, City of Rio Dell